



# DAILY REPORT

## CONTENTS

*China*

Vol 1 No 135

14 July 1982

### PRC INTERNATIONAL AFFAIRS

#### GENERAL

UN Disarmament Session Ends, Viewed as Failure	A 1
PRC Envoy's Address	A 1
Review of Session	A 2
Suspension of OPEC Oil Ministers Meeting Noted	A 4

#### UNITED STATES

Text of Article on U.S. Policy Toward Taiwan [GUOJI WENTI YANJIU No. 3, 1 Jul]	B 1
Criticism of U.S. Interference in PRC Affairs	B 13
Zhao Ziyang Meets U.S. IBM Delegation 13 Jul	B 15
Chen Muhua Meets U.S. Researchers 12 Jul	B 15
Reagan Announces U.S. Will Not Sign Sea Treaty	B 15
Economic Order Sought To Counter Rising Dollar [RENMIN RIBAO 8 Jul]	B 16

#### SOVIET UNION

USSR's Ustinov on First Use of Nuclear Weapons	C 1
USSR Says Pipeline To Be Completed on Schedule	C 1

#### NORTHEAST ASIA

KYODO: Kim Il-song Reportedly To Visit PRC	D 1
Activities Mark MPR Revolution Anniversary	D 1
Beijing Meeting	D 1
MPR Envoy's Reception	D 1
Briefs: Japanese Delegation in Liaoning	D 1

#### SOUTHEAST ASIA & PACIFIC

Sincerity of SRV Withdrawal Plan Questioned	E 1
CGDK's In Tam on Partial SRV Troop Withdrawal	E 2
Burma's Foreign Minister U Chit Hlaing Visits	E 2
Huang Hua-Chit Hlaing Talks	E 2
Second Round of Talks	E 2
Banquet for Chit Hlaing	E 3

#### MIDDLE EAST & AFRICA

Zhao Ziyang Meets Arab League Delegation 13 Jul	I 1
RENMIN RIBAO Denounces Invasion By Israel [12 Jul]	I 1
World Situation Blamed for Kenya's Difficulties	I 2

## PRC NATIONAL AFFAIRS

Deng Xiaoping, Others Inscribe PLA Journal	K 1
Liu Bochong's 'Art of War' Published for Army Day	K 1
Xue Muqiao on Planned Economy, Market Mechanism [SHIJIE JINGJI DAobao 21 Jun]	K 2
Need for Attention to Consumption Growth Cited [WEN ZHAI BAO No 38, 22 Jun]	K 5
Use of 'Erroneous' Economic Terms Noted [WEN ZHAI BAO No 37, 15 Jun]	K 5
CPPCC Reveals Middle-Aged Intellectuals' Plight	K 6
Henan Party Members Make Self-Appraisal	K 7
Scholars Discuss Draft Revised PRC Constitution	K 7
Geology, Minerals Chiefs Hold National Meeting	K 8
RENMIN RIBAO on Rural Water Conservation [3 Jul]	K 9
RENMIN RIBAO Urges Emulating Singer's Work Style [7 Jul]	K 11
RENMIN RIBAO on Shanghai Petrochemical Plant [5 Jul]	K 12
Deng Yingchao Meets Returned Overseas Chinese	K 16
Briefs: Tax Revenues Up	K 16

## PRC REGIONAL AFFAIRS

## CENTRAL-SOUTH REGION

Guangdong Group on Higher Education Problems [YANGCHENG WANBAO 28 Jun]	P 1
Guangdong Urges Strengthening Control of Labor	P 2
Guangdong PLA Stresses Anticorruption Education	P 3
Guangzhou Scotches Rumor About Bank Deposits	P 3
Guangdong Discusses Summer Grain Procurement	P 3
Guangxi Municipality Holds Social Order Rally	P 4
Hainan Leader Outlines Situation, Tasks	P 5
Briefs: Hubei Summer Grain Production	P 5

## SOUTHWEST REGION

SICHUAN RIBAO on Improving Responsibility Systems [8 Jul]	Q 1
SICHUAN RIBAO Urges Uprooting Rural Poverty [3 Jul]	Q 2
Xizang Holds Rural, Pastoral Work Conference	Q 3
Yin Fatang Speech	Q 3
Conclusion of Conference	Q 4
Xizang Meeting on Cadre, Worker Retirement	Q 5

## NORTH REGION

Duan Junyi Speaks at Beijing Party Branch Forum	R 1
Beijing Meeting on Straightening Out Enterprises	R 1
BEIJING RIBAO Article Views Employment Situation [28 Jun]	R 2
Nei Monggol on Strengthened Economic Crime Fight	R 3
Nei Monggol Circular on 1982 Wheat Procurement	R 4
Briefs: Nei Monggol Coal Production	R 4

## TAIWAN

Taiwan General Predicts 1985 Communist Attack	V 1
Taiwan Official Warns Against 'Seditious Group'	V 1

## HONG KONG MEDIA ON CHINA

HSIN WAN PAO Denounces U.S. Pro-Taiwan Lobby [13 Jul]	W 1
---	-----

UN DISARMAMENT SESSION ENDS, VIEWED AS FAILURE

## PRC Envoy's Address

OW110816 Beijing XINHUA in English 0746 GMT 11 Jul 82

[Text] United Nations, July 10 (XINHUA) -- The states possessing the largest arsenals were accused today of raising extraneous issues to obstruct the reaching of a necessary common agreement on disarmament by Kang Maozhao, deputy leader of the Chinese Government delegation to the second special session of the U.N. General Assembly on disarmament.

Addressing the closed meeting of the special session, Kang Maozhao said: "Though we have held many plenary and committee sessions, it is regrettable that we have failed to produce a minimum comprehensive disarmament program acceptable to all. We have even failed to reach a consensus in our review of the implementation of the final document of the first special session of disarmament."

He noted: "A clear trend has emerged in the course of the general debate and extensive consultations in the working groups during the current session, and that is, an increasing number of countries have underscored more than ever before the point that states possessing the largest military arsenals bear a special responsibility for disarmament and should assume an obligation to take the lead in substantially reducing their armaments. Contrary to this, however, one has seen that the states possessing the largest arsenals had resorted to every means in and outside the conference to dodge their responsibility and had raised extraneous issues to obstruct the reaching of a necessary common agreement."

"Some people are clearly engaged in an arms race of unprecedented proportions. Yet they try to convince us that this is necessary and justified. Some people are extremely sensitive to words like aggression, intervention and occupation, and would not like any reference to them in the document, notwithstanding their inability to deny their actual deeds. In order to cover up their misdeeds, they have even tried hard to skip certain points and wordings in the document which they had accepted in previous documents. This, therefore, is the underlying cause why disarmament could make no headway and the current session has failed to achieve any substantive result," he said.

"The outcome of the current session," he went on, "has once again proved that disarmament and international security are inseparable. Since the first special session on disarmament, the arms race has been intensified, the international situation has deteriorated and the danger of nuclear war has increased. Several wars of aggression by conventional arms have taken place. This change in the international situation certainly has an impact on and creates resistance to disarmament. In the past few years, we often heard the debate as to whether disarmament enhances international security or international security promotes disarmament, much like the debate of whether the chicken or the egg came first. It should be clear by now that progress can hardly be achieved in disarmament under the circumstances in which international security is constantly breached, and the hegemonists and aggressors refuse to renounce their designs."

He stated: "We are a nuclear state but we declared as far back as 18 years ago that China will never be the first to use nuclear weapons and will not use nuclear weapons against nonnuclear states under any circumstances. We hold that the states possessing the biggest nuclear arsenals should take the lead in reducing their nuclear weapons. We are ready to assume appropriate obligations together with other nuclear states through negotiations."

"China's intention and position regarding disarmament are consistent, irrespective of the results of the international disarmament conferences. Although the task of disarmament is an arduous one, we are willing to work unceasingly towards this end with other countries and people of the world," he added.

#### Review of Session

OW11316 Beijing XINHUA in English 1219 GMT 11 Jul 82

["Feature: New Developments in Disarmament" -- XINHUA headline]

[Text] United Nations, July 10 (XINHUA) -- The second special session of the U.N. General Assembly on disarmament ended today after over a month's general debate and group discussions. The delegates of many countries told XINHUA that the current special session showed certain new developments in the width and depth of world disarmament as compared with the first special session. A prominent feature was the combination of demand for disarmament voiced by the great majority of small and medium-sized countries at the session with the large-scale mass movement against the arms race outside the United Nations which has exerted great pressure upon the two superpowers.

The over-three-week long general debate was addressed by delegates from 131 member nations including 19 heads of state or government and 54 vice-presidents, vice-premiers or ministers. In addition, representatives from 74 non-governmental international organizations spoke during the debate. The number of countries and representatives taking part in the general debate has by far surpassed that at the first special session. This indicates the great concern for disarmament shown by the countries the world over. Particularly noticeable is the fact that a great number of Third and Second World countries issued the common call for disarmament. They formed the overwhelming majority standing for arms control, placing the two superpowers in a more isolated position.

The emergence of such a situation is nothing accidental. In the four years between the two special sessions, the U.S.-Soviet contention had intensified, the world was in turmoil, crises arose and wars broke out. Immediately after the final document of the first special session on disarmament was signed, the Soviet-backed Vietnamese launched an armed aggression against Kampuchea in February 1978 and the Soviet Union invaded Afghanistan one year later. During the last four years, Israel and the South African racist regime launched aggression on many occasions against the Arab countries and southern African nations. It was during the current special session that Israel committed a monstrous crime by its massive aggression against Lebanon.

Disarmament has made no headway. As special session President Ismail Kittani has said: "Not a single weapon has been destroyed over the past four years as a result of a disarmament agreement," and "it is a sorry record of failure." The total military spending of the world was 400 billion U.S. dollars in 1978 and went up drastically to 650 billion dollars in 1982. Today, the world possesses a destructive capacity equivalent to more than one million Hiroshima bombs.

A delegate from Western Europe told XINHUA that the contention and arms race between the superpowers constitutes a grave threat to world security. The great majority of Third World countries are the first to be affected, and the security of West European countries is also challenged. Although the West European countries differ much in their views on disarmament, they are working for a check on the arms race and to save peace.



Many people stressed the reduction of nuclear weapons but few people talked about the reduction of conventional weapons at the first U.N. special session on disarmament. The current special session was highlighted by the demand for a reduction of both nuclear and conventional weapons. Nuclear disarmament was, of course, the centre of attention at the current session. But more than half of the participants stood for the reduction of conventional weapons, stressing that the conventional war is a terrible reality. According to estimates, some ten million people have died of the 140 wars in the world since the end of World War II, and these wars were fought with conventional weapons. The Panamanian and Sri Lanka delegates shared the view that the Third World countries are the principal victims of the conventional arms race. In face of the threat of Soviet conventional weapons, West European nations called strongly for universal attention to the reduction of conventional weapons.

One third of the delegates urged the Soviet Union and the United States to be the first to reduce their armament, both nuclear and conventional. The Zimbabwean delegate stressed that the nuclear arms talks can be of real significance only when the two superpowers take the first steps. The Surinam delegate pointed out that the key figures for the disarmament are the two superpowers. Both Romania and Indonesia proposed that the United States and the Soviet Union first of all reduce 50 per cent of their armament, while Iraq and Madagascar proposed a one-third reduction of the two superpowers' armament as a first step for disarmament. Many Third World countries urged the nuclear powers to declare not to be the first to use nuclear weapons, conclude a convention of renunciation of the use of nuclear arms and guarantee not to use or threaten to use nuclear weapons against non-nuclear countries. In addition, the voice for the establishment of non-nuclear zones and peace zones was louder than ever before.

The struggle on disarmament in the U.N. headquarters was in concert with the mass demonstrations against nuclear weapons in New York streets, giving fresh impetus to the world movement for disarmament. The mass movement against nuclear weapons, starting from Western Europe and extending through Japan to the United States, reached its high tide at the present U.N. General Assembly session. Mass movements against nuclear weapons have surged ahead in New York streets, particularly around the U.N. headquarters. The largest one was the mass demonstration in the New York streets and the rally in the Central Park on June 12 with 750,000 people taking part. The big mass movement was strongly responded in the present special session. Chinese Foreign Minister Huang Hua in his speech in clear-cut terms expressed full understanding and sympathy for the movement. Uganda and Panama and other Third World countries highly evaluated this surging mass movement. They considered the rising movement against the arms race as an encouraging sign in the drive for armament reduction.

Confronted with the increasingly strong appeal for disarmament by most of the small and medium-sized countries attending the session and in face of the anti-nuclear movement outside the assembly hall, the two superpowers have been trying hard to snatch the banners of peace and disarmament as a garb to dress themselves up as "peace champion" or "standard-bearer of disarmament." Meanwhile, they attacked each other, each trying to throw the responsibility on to the other. While talking about maintaining military "balance", each, in fact, aims to weaken and destroy the superiority of the other and keep and develop its own superior force. This can be seen clearly from the Soviet proposal announced at the session of "not to use nuclear weapons first."

It was pointed out here that the Soviet proposal was announced under the circumstances in which the Soviet Union has a superiority in conventional weapons. This is obviously directed against the U.S. and Western Europe's nuclear deterrent strategy. For once this strategy of the West was destroyed, the West would be quite helpless in face of the superiority of Soviet conventional weapons.

The Soviet proposal not only caters to the anti-nuclear mass movement in Western Europe and the anti-arms expansion forces within both the U.S. and Europe, thus obstructing the United States from deploying nuclear weapons in Europe, it also drives a wedge into the relationship between the U.S. and Europe and brings pressure to bear on the U.S. leaders, thus guaranteeing the Soviet's own development of military superiority. The Soviet proposal was therefore regarded by the West as a mere propaganda stance. The United States, Britain, France and Japan all see the Soviet proposal as "empty promises," and they say they need "deeds" and ask the Soviet Union to show "secured guarantees."

The Soviet Union and the United States wrestled even harder against each other in group discussions for the drafting of documents during the latter part of the session. They opposed all that was not to their liking to be included in the documents of the session, and each tried to set a trap for the other, thus making the documents very slow in coming. As a result of the obstructions and sabotage by the two superpowers, no agreement was concluded at the session on the "comprehensive program of disarmament" which sets the objectives, principles and measures for the disarmament.

#### SUSPENSION OF OPEC OIL MINISTERS MEETING NOTED

OW111308 Beijing XINHUA in English 1252 GMT 11 Jul 82

[Excerpts] Beijing, July 11 (XINHUA) -- Oil ministers of the Organization of Petroleum Exporting Countries yesterday suspended the 65th extraordinary meeting indefinitely with the 13 members unable to agree on how to reassign individual output quotas, according to reports from Vienna. This was announced in a communique after two days of talks in the Austrian capital to try to rescue a production-sharing agreement reached in March to defend a reference price of 34 dollars a barrel in the face of a glut.

The ministers failed to accommodate the insistence of Iran and Libya that they should be allowed higher individual quotas within the ceiling than assigned to them on March 20. Iran demanded a quota of three million barrels daily rather than the assigned quota of 1.2 million and actual current output just above two million. This would have required Saudi Arabia to make room for Tehran in the market. But the Saudis insisted that they could not bear the burden alone. Oil market analysts have said the price could come under new pressure in the event of OPEC's failure to rescue its production-sharing agreement.

'Abd al-Aziz at-Turki, Saudi deputy oil minister and head of the Saudi delegation, announced today that the kingdom, the world largest oil exporter, would no longer recognize the ceiling of 17.5 million barrels a day and was no longer bound by the OPEC reference price of 34 dollars a barrel for Arabian light crude. He said his country would be free "to defend Arabian light as it feels necessary."

OPEC Secretary-General Marc Nguema of Gabon told a news conference yesterday that until OPEC reassembles next time, its four-man market monitoring committee would review the ceiling and the quotas.

TEXT OF ARTICLE ON U.S. POLICY TOWARD TAIWAN

OW121958 Beijing XINHUA in English 1913 GMT 12 Jul 82

[Beijing RENMIN RIBAO in Chinese on 13 July on page 6 carries the text of this article]

[Text] Beijing, July 12 (XINHUA) -- The JOURNAL OF INTERNATIONAL STUDIES in its No. 3 issue published on July 1 carried a signed article entitled "A Historical Test -- U.S. Policy Towards Taiwan Shortly Before and After the Birth of New China".

The article, written by Zi Zhongyun, reviews U.S. policy-makers' considerations over the question of Taiwan during the period between the end of 1948 and the first half of 1950 when the Chinese revolution was advancing victoriously. It says that "the fact that there still remains a 'Taiwan issue' in the relations between China and the United States is the consequence of the imperialistic expansionist policy on the part of the United States" which has been discredited. It points out, "how will Sino-U.S. relations develop in the future depends on whether U.S. policy-makers will awaken to the irresistible law by learning from historical experience, throw off their heavy burden and catch with the tide of the times." The article reads as follows:

Ever since the earth-shaking changes took place on the age-old territory of China, giving birth to a new People's Republic, U.S. policy towards China's Taiwan Province has become one of the major issues impeding the normalization of the Sino-U.S. relationship. With the advance of history and the change of the situation in the last 30 years, China and the United States have established diplomatic relations. However, the U.S. attitude towards Taiwan remains a hidden rock on the navigation route of Sino-U.S. relations which presents the ship with the danger of running aground at any time. Given these circumstances, a review of U.S. policy-makers' considerations over the question of Taiwan during the period between the end of 1948 and the first half of 1950 when the Chinese revolution was advancing victoriously may be of greater significance than just to provide lovers of history with some interesting materials.

**A Brief Retrospect**

After the opium war in 1840, the United States, under the slogan of "equal participation" in advantages, entered China following Britain's gunboats and progressively gained the same privileges in China as those enjoyed by other powers. After the conclusion of its first unequal treaty with China, the treaty of Wanghia (Wangxia), the United States began to covet Taiwan because the island had rich coal mines and its location on the route between California and Xiamen could serve as an ideal transfer station and supply depot for U.S. merchant ships. In the 1850's, some U.S. merchants and officials in the Far East urged the U.S. Government to seize Taiwan by means of forced purchase or military occupation, or to force the Qing government to open a number of trading ports (note 1) [see below at end of item] in Taiwan. But at that time the United States was too busy expanding and consolidating its spheres of influence on the American Continent to give much attention to the western Pacific. Nevertheless, it still engaged in illegal trade at a few ports on Taiwan island by taking advantage of the opportunity when the corrupt and decrepit Qing government was engaged in suppressing the peasant uprisings of the Taiping Heavenly Kingdom.

In 1858, British-French allied forces invaded China and forced the Qing government to conclude the Treaty of Tientsin (Tianjin). As a result, a few more trading ports were opened, including Taiwanfu (Tainan) and Danshui on Taiwan island. The United States again obtained its advantage through "equal participation."

After the Civil War, capitalism developed rapidly in the United States and its overseas expansion gained momentum. As Lenin pointed out, the last 30-plus years of the 19th century was a period of transition to the new era of imperialism. During this period,

The imperialist powers were locked in a fierce struggle for domination of the Pacific islands. And the United States began to harbour a growing ambition for the Far Eastern region. The United States, Britain and Japan contended against and colluded with each other over Taiwan. During the 1860's, the U.S. Consul General Legendre in Xiamen, taking the opportunity of a U.S. merchant ship running aground near Taiwan, went deep into Taiwan island to carry out an investigation. He subsequently wrote a report urging the U.S. State Department to take action over Taiwan. U.S. Consul General Isaac Allen in Xianggang (Hong Kong) frankly admitted that his main point of departure was the "acquisition of this great island by our government." (note 2) During the 1870's, Legendre assisted Japan in its attack against Taiwan and in invading and occupying the Ryukyu Islands. (note 3) Particularly after the outbreak of the unprecedented economic crises that swept Europe and America in the early 1890's, many wealthy U.S. merchants and politicians cried out in alarm: "New markets and new opportunities for investment must be found ... if the entire fabric of the present economic order is not to be shaken by a social revolution." (note 4) Since then, the United States started actively developing its naval forces and vigorously expanding into the western Pacific. It occupied Hawaii in 1893, unleashed the U.S.-Spanish war and captured the Philippines in 1898. It formally put forward the "open-door" policy towards China in 1899 and thus joined the other imperialist powers in the struggle for the division of China. But in 1895, Taiwan was exclusively occupied by Japan. As a result, U.S. and Japanese forces began to experience conflicting interests in the Pacific.

After the Pearl Harbor incident in 1941, Japan used Taiwan as a base from which to attack U.S. possessions in the Pacific. This posed a grave threat to the United States. It was against this background that the Cairo conference was held in 1943 among China, the United States and Britain. At the conference, the United States expressed the view that Taiwan belonged to China. The famous Cairo declaration jointly published by the three countries stipulated that Chinese territory, including northeast China, Taiwan and the Pengmu Islands under Japanese occupation, should be returned to China. The Roosevelt administration then intended to establish military bases in Taiwan after World War II. (note 5)

As the United States conceived it, most of China's territory, Taiwan included, which were under the Kuomintang rule, would come within the U.S. sphere of influence after the war, and China could be a "buffer zone" containing the Soviet Union and a potential market for U.S. commodities and capital as well as an important raw material base. Therefore, while it hoped that China would remain a superficially independent big nation with relative political and economic stability, it did not wish to see China truly independent and strong enough to free itself from dependence on the United States.

The U.S. proposal for returning Taiwan to China enabled it to assume the posture of respecting China's sovereignty and territorial integrity, deprive Japan of an important stronghold, thereby eliminating Japan's influence and make Taiwan serve U.S. strategic and economic interests. It was an idea that could kill three birds with one stone, why not go ahead with it?

However, China's realities were independent of U.S. will. After World War II, the people's revolution led by the Chinese Communist Party dashed the wishful calculations of the United States. Therefore, the aim of U.S. postwar policy towards China was to give all-out support to the Chiang Kai-shek regime and prevent the Chinese revolution from winning victory. For this the United States has paid a heavy price.

#### Failure Followed by New Efforts

After Japan's surrender, the United States first gave the Kuomintang great help in order that the latter "might bet to them (strategic points) ahead of the communists" (note 6) and "establish its authority over as wide areas of China as possible" (note 7). After sending General Marshall to carry out a biased "mediation," (note 8) it went all out to supply Chiang Kai-shek with money, guns and advisers to fight the civil war and spared no effort to prop up the Kuomintang rule. But as Dean Acheson put it: "Nothing that



this country did or has done within the reasonable limits of its capabilities could have changed the result (of the Chinese civil war)." (note 9) From the latter half of 1948, the Chinese People's Liberation Army began a strategic counter offensive and the Kuomintang suffered one defeat after another. Early in 1949, Chiang Kai-shek performed an act of abdicating his seat to Li Zongren and at the same time transferred a huge quantity of gold, foreign exchange and munitions to Taiwan. He evidently intended to entrench himself in Taiwan and hold on with U.S. assistance, without giving up, of course, his slogan of "staging a comeback to the mainland."

At that point, those within the U.S. Government with a sense of reality noted that U.S. policy designed to prevent the Chinese Communist Party from winning victory was already bankrupt so far as China's mainland is concerned. Many a U.S. diplomat in China pointed out that the downfall of the Kuomintang was determined by its corrupt system and that if the United States continued its aid to Chiang Kai-shek, it would lose prestige and inevitably be accused of "strengthening a decadent feudalistic regime and thus meddling in China's internal affairs," (note 10) and of "prolonging the agony of the civil war and of pursuing imperialistic ends in defiance of the clearly expressed wishes of the Chinese people." (note 11) They vehemently stated that "it would be immoral to foist a rotten, unpopular government on the Chinese people; it would be worse than a crime, it would be stupid, to pursue our present aid policy." (note 12) Given these circumstances, the United States had no alternative but to start adopting a policy of "disengagement" from the civil war on China's mainland and to refrain from committing itself to a "losing cause" so as to maintain its initiative and flexibility of action in the future. Regarding recognition of the new Chinese Government, the United States was in a state of uncertainty and adopted a wait-and-see attitude. As a much-quoted saying by Acheson goes, the policy was "wait until the dust settles." (note 13) But its attitude towards Taiwan was quite another thing. It was from that time on that the United States sought to divide Taiwan from China's mainland.

Between December 1948 and March 1949, U.S. Joint Chiefs of Staff, the State Department, the White House National Security Council and other policy-making organs repeatedly studied and discussed policy towards Taiwan. Their consensus was that Taiwan was of great importance to U.S. strategy in the western Pacific because: (1) loss to the United States of availability of strategically valuable areas of China would enhance the strategical position of Taiwan and the Penghu Islands which could be used as wartime bases for strategic air operations when necessary and for the control of adjacent shipping routes; (2) "unfriendly" control of these islands would result, in case of war, in an "enemy capability" of dominating the sea routes between Japan and the Malay area and of extending its control to the Ryukyu Islands and the Philippines; (3) Taiwan was the primary source of supplies of food and other materials to Japan; if this source was cut off, Japan would prove to be more of a liability than an asset to the United States. Therefore, "the basic aim of the U.S. should be to deny Formosa and the Pescadores to the communists. The most practical means for accomplishing this at the present time is by isolating those islands from the mainland of China." (note 14) (emphasis is the author's, the same below).

In implementing this policy, the first problem facing the United States was that it had signed the solemn international agreements -- the Cairo declaration and the Potsdam proclamation -- and had committed itself to the return of Taiwan to China. Now if it broke its promise, how could it justify itself legally and morally? For this, the United States came out with the following thesis: Because no peace treaty had been signed with Japan, Taiwan was still legally part of the Japanese empire. The policy which the U.S. had followed since V-J Day was one of recognizing Chinese de facto control over the islands. Now the situation had changed; the Kuomintang government which previously exercised "perfunctory" sovereignty over the island proved itself to be incapable of continuing its rule and unqualified to hold power. Therefore, the question concerning the status of Taiwan could only be finally solved after the signing of a peace treaty with Japan. (note 15) Thus, the United States concocted the notion that the status of Taiwan had not been decided, using this as an excuse to justify its perfidious actions.



Another question was, from the political point of view, how could it justify its attempt to separate Taiwan from China. The United States had all along used the following logic to justify its involvement in China's civil war: The Chinese Communist Party was "controlled" by the Soviet Union and its victory would inevitably turn China into a Soviet "satellite." So the same logic was used in regard to its attitude towards Taiwan. It declared that if Taiwan should fall into the hands of the Chinese Communist Party, it would amount to a military base for the Soviet Union in the Pacific and thereby present a menace to the security of the United States. Some people simply used such words: "If Formosa is lost to the communists, which means to the Russians" when they referred to the possibility of the liberation of Taiwan. Some Americans might have genuinely believed such an absurd myth out of ignorance and prejudice; but for U.S. policy-makers, it was a convenient excuse.

Informed American officials knew full well that "if we had any right to aid Nationalist China against the Chinese Communists, it could only be on the basis of defence against Soviet aggression, for otherwise it would be intervention in Chinese internal affairs." (note 16) Acheson himself said on an occasion of internal discussion: "We must accept as fact ... Mao is not a true satellite in that he came to power by his own efforts and was not installed in office by the Soviet Army." (note 17) It can thus be seen that the notion that the Chinese Communist Party was controlled by the Soviet Union was just another excuse for the United States.

Under the cover of these two excuses, the United States deemed itself free to go ahead with its attempt to carve up China's territory.

#### Caught in a Dilemma

How to materialize this attempt? On the eve of the overall victory of the Chinese people's liberation war on China's mainland, the United States contemplated the following choices:

##### 1. Direct involvement of the United States.

It could be either direct military occupation of Taiwan by the United States or obtaining U.S. extra-territorial and base rights in Taiwan through negotiation with the Kuomintang, or treating Taiwan as part of the Japanese empire and temporarily placing it under the custody of the supreme command of allied powers (i.e., under General MacArthur) till the birth in Taiwan of a "future legitimate government true (to the) real intent of the Cairo declaration" (actually it should read "true to the real intent of the United States"). (note 18)

But each of the above practices was too blatant for the United States. For one thing, it surmised that the remnant Kuomintang government would not agree to it in defiance of universal condemnation unless in extremis. Furthermore, the United States had not given up its intention of waging a political war in liberated China to win popular support. And a brazen occupation of China's territory could only enable "the Communist Party to mobilize the entire Chinese people against U.S. imperialism." Moreover, it would tarnish the U.S. image in the world and leave it on the defensive in the United Nations. State Secretary Acheson said that the United States should avoid raising an "American created irredentist issue" just at a time when it was seeking to exploit the Chinese people's anti-Soviet sentiments because of Soviet practices in Xinjiang and the northeast. Therefore, said he, "if our present policy is to have any hope for successes in Formosa, we must carefully conceal our wish to separate the island from the mainland control." (note 19) He was strongly in favour of economic and diplomatic means and against making a show of military force.

Meantime, the White House asked the U.S. Joint Chiefs of Staff to consider whether the use of military means was practicable and worthwhile if diplomatic and economic steps proved insufficient to deny communist domination of Taiwan. The answer was: Such a situation would lead to the necessity for relatively major efforts in Taiwan, and "the current disparity between our military strength and our many global obligations makes

inadvisable to undertake the employment of armed force in Formosa." Viewed from the point of military strategy, although Taiwan was important, it was not considered to be directly vital to U.S. national security like some European countries, say, Iceland, and therefore "any overt military commitment in Formosa would be unwise at this time." (note 20)

So, being politically undesirable and militarily unfeasible, this choice was dropped.

2. "To support continued local non-communist Chinese control" of the island to prevent communist domination and discourage the influx of Kuomintang remnants to Taiwan.

As for "local non-communist Chinese," the most desirable for the United States would be a local political force other than the Kuomintang, which advocated "self-government" and "independence" of Taiwan. The United States would support it to form a government under U.S. aegis, which would then declare separation of Taiwan from the mainland. Actually, U.S. diplomats in Taiwan, Xianggang (Hong Kong), Nanjing and Shanghai did make contacts with numerous representatives of organizations which professed to be anti-communist and advocated "self-government" of Taiwan. However, they failed to find any organized force or personality that could prove to be of some influence. The conclusion was that although people in Taiwan were universally dissatisfied with the rule of the Kuomintang, which came from the mainland, they were "without political experience or strong leadership." (note 21) So, while continuing to keep an eye on and prepare to make use of a Taiwan autonomous movement whenever possible, the United States had to shelve this plan.

Its second choice was to replace the Chiang Kai-shek clique with people within the Kuomintang who were more acceptable according to U.S. standard, had a more liberal image, and were less notorious among the masses. Such people in power would be more easily manipulated by the United States. Therefore, after Chiang Kai-shek abdicated, the United States offered him a visit to the United States, and when he first prepared to go to Taiwan, tried to dissuade him on the ground that the status of Taiwan was legally undecided. (note 22) It also attempted to influence the choice of governor for Taiwan Province. But all these attempts ended in failure. The United States found that Chiang Kai-shek held power in his hands so closely that there was no way to "get around the generalissimo" and that, like it or not, it had to deal with him.

3. Separate Taiwan from China in one way or another through the United Nations.

The State Department repeatedly proposed that the United States should work through the United Nations, when it could still control the organization, to put Taiwan under either U.S. or U.N. trusteeship or to realize self-government of Taiwan. For instance, when the situation became critical, the United States would request, through other countries, that the United Nations interfere under the pretext of peace being threatened and then arrange a plebiscite under U.N. supervision to determine the status of Taiwan. Or, the request could be raised by the Kuomintang authorities and/or a Taiwan independent movement at the United Nations. The United Nations might also be requested to convene a special session where the United States could issue a statement expressing the view that because the Chinese authorities had mis-governed Taiwan, they had "forfeited the right to a perfunctory confirmation of sovereignty" over Taiwan. The statement would also suggest that the people of Taiwan had the right to decide through secret ballot whether Taiwan should return to the mainland or be temporarily put under trusteeship before it acquired independence. (note 23)

These formulas were naturally very appealing to the United States. But, since it deemed it necessary to conceal its intentions, it did not want to take actions publicly by itself. As for other major Western countries such as Britain and France, although they were quite interested in this idea, they were not ready to stand out and act for the United States on this issue. On the contrary, Britain sent several messages to the United States expressing "concern" about continuous U.S. deliverance of tanks and artillery to the Kuomintang in Taiwan for fear that once Taiwan was liberated, the weapons would fall into the hands of the Communist Party and would be used to deal with Xianggang (Hong Kong). (note 24)

Chiang Kai-shek, on his part, did not agree with the U.S. proposals. He maintained that war between the United States and the Soviet Union was inevitable and was hoping for a Third World War which would help him realize his dream of "recovering the mainland." Therefore, he was against the idea of separating Taiwan from the mainland. Instead, he requested the United States to regard him as the representative of all China and give him all-out support. In a public statement made in March 1949, Wang Shijie, former foreign minister of the Kuomintang government who had just retired, said that Taiwan was a "restored territory," not a "military occupation area" and that China had absolute sovereignty over its foreign and domestic matters. The Treaty of Shimonoseki was nullified by Chinese declaration of war against Japan in 1941. Taiwan had been legally reverted to China and then was physically acquired from the Japanese Army at the end of the war. This statement was actually a refutation of the U.S. thesis that "the status of Taiwan was undecided" and could not be unheeded by the United States. (note 25)

Besides, the United States noted that if the decision, even though adopted by the United Nations, met with resistance from any side, the United Nations had no armed force to enforce it. If an armed force was organized in the name of the United Nations, the main burden would fall on the United States and, militarily, that would not be much different from U.S. military dispatching troops alone, an option which had already been rejected by the U.S. military establishment. If a decision could not be put into effect, the United Nations would lose its prestige. (note 26)

Although the United States did not abandon the notion of controlling Taiwan through the United Nations, it has never dared, nor been able, to put the idea into practice.

#### 4. Continued support for the Kuomintang.

As was mentioned above, those U.S. officials familiar with the situation repeatedly pointed out that the complete failure of the Kuomintang on the mainland resulted not from the lack of U.S. aid, but from its own corruption and incompetence. In his report to the Department of the Army in November 1948, General Barr, leader of the joint U.S. advisory group to China, said: "No battle has been lost since my arrival due to lack of ammunition or equipment." (note 27) A State Department document also pointed out: Since the Kuomintang took over Taiwan after World War II, it has "displayed a genius for misgovernment." (note 28) The undemocratic political practices of the Kuomintang and the grabbing by "carpetbaggers" from the mainland aroused deep resentment among the local people. The influx of people from the mainland threw the economy of Taiwan into further chaos. If the United States should continue to give all-out support to the Chiang Kai-shek clique which had no hope for victory, it would mean loss of prestige and of any chance for flexible policies. Moreover, to assist the Kuomintang ruling clique in its move to Taiwan as requested and recognize it as representing all China would inevitably arouse strong resentment of all the people in Taiwan against the United States, and make it completely discredited both on China's mainland and in Taiwan.

On the other hand, the United States did not want to see the collapse of the Kuomintang in the whole of China. So it continued its assistance to Chiang Kai-shek, permitting him to use U.S. funds to buy munitions. With regard to Taiwan, the United States tried hard to avoid giving people the impression that it supported the Kuomintang government's move to the island. It gave the latter economic assistance through the "economic co-operation administration" and was careful to use "aid" in places where it could be directly felt by the people of Taiwan. The United States did not make any promises in regard to the Kuomintang's repeated requests for sending again military advisory groups because it wanted to avoid undertaking an open commitment, but it allowed retired U.S. officers to be hired as advisers in private capacity. In addition, the United States formally asked Chiang Kai-shek and other principal Kuomintang figures to change their practices, to introduce "political reform" in Taiwan and to restrict the influx of people from the mainland into Taiwan as the conditions for more U.S. "aid." At the same time, it continued to carry out diplomatic activities in the hope that the Taiwan question could be finally brought up at the United Nations. (note 29)



With the development of the Chinese revolution, the United States sensed the imminent possibility of Taiwan falling into the hands of the Communist Party, so after June 1949, several reappraisals of policy towards Taiwan were made, particularly on the feasibility and desirability of resorting to military forces when and if other methods proved ineffective. As a result of these studies, the conclusion of the military quarters remained by and large unchanged: U.S. ability fell short of its wishes; the State Department believed the political price was too heavy and, therefore, not worthwhile. So the United States could not but take the fourth choice which was adopted under a helpless state. The White House National Security Council admitted that the "choice is not between satisfactory or unsatisfactory courses of action but rather of the least of several evils or an amalgam of the lesser of them." (note 30)

In short, the United States was fully aware that if it tied itself with a reactionary regime destined for defeat, it would become discredited and be bogged down in a hopeless position; yet, it could not make up its mind to end its aid to Chiang Kai-shek. It harboured a strong ambition over Taiwan, but at the same time tried hard to conceal it. While it was afraid to arouse the hostility of the entire Chinese people, it spared no efforts in doing things detrimental to the fundamental interests of the Chinese nation. It wanted to preserve its international image and loathed to be accused of imperialism, but it flagrantly tore up international agreements, disregarded the norms of international relations and wilfully tried to divide the territory of a sovereign state. Political, economic and diplomatic means turned out to be ineffective, while military force fell short of its objectives. All through the period between the latter half of 1948 and the end of 1949, U.S. policy towards Taiwan was enmeshed in contradictions and caught in a dilemma.

#### A Boomerang Policy Decision

Guangzhou was liberated in October and Chongqing in November 1949. The Kuomintang government officially moved to Taiwan in December and so did Chiang Kai-shek. There were indications that in the short period from then on to the first months of 1950, U.S. policy-makers did consider another option of policy towards Taiwan. A heated debate had been going on for quite a time in the U.S. ruling circles over the problem of whether to continue to assist Chiang Kai-shek. In March 1949, 50 U.S. Congressmen requested but failed to have the Senate Foreign Relations Committee take immediate action on a dollars 1.5 billion aid-to-China bill introduced by Democratic Senator Mc Carran. In April, U.S. Congress approved an extension of the 1948 China aid act by authorizing the president to use unobligated funds to aid "those areas of China remaining free of Chinese Communist control." In October, the president approved the "Mutual Defence Assistance Act," including a provision to grant Chiang a sum of 75 million dollars. With money available, the U.S. Joint Chiefs of Staff recommended that the United States give the Kuomintang in Taiwan a modest military aid integrated with a stepped-up political, economic, and psychological programme, thinking this might help Chiang to linger out a longer time. The military also suggested that the 7th Fleet conduct a special survey of the nature and extent of the military assistance required by Taiwan before working out concrete recommendations. (note 31)

This suggestion was rejected by the State Department. Acheson said at a joint meeting of the military group and the State Department on December 29, 1949, that it had to be admitted that the conquest of China by the Communists was due primarily to the collapse of the Kuomintang and that "there is no Chinese basis of resistance to communism." He said: Even if "we can postpone the fall of Formosa for a year, we must ask what price do we pay for this delay. I believe that, first, we will have once more involved U.S. prestige in another failure; moreover, and of greater importance, we will excite and bring upon ourselves the united Chinese hatred of foreigners. Throughout all Asia we would be represented as the supporters of this discredited, decayed Kuomintang government." He added: "It would have to be for a very important strategic purpose that would take an action which would substitute ourselves for the Soviets as the imperialist menace to China." But he did not think Taiwan was that essential for U.S. defence. He called for a long-term view of China and warned: "We are in a position

resembling that in which Russia found herself in 1927 when she was driven from China and her influence liquidated. It has taken her 22 years to return to a position of dominant influence and it may similarly take us as long."

On December 23, the U.S. State Department issued a directive recommending that public opinion be prepared for the possible "fall" of Taiwan. It urged that all materials be used to counter the false impression that Taiwan's retention would save China and its loss seriously damage the interests of the United States and other countries opposing communism. It acknowledged that Taiwan "politically, geographically, and strategically, is part of China," that "politically and militarily it is a strictly Chinese responsibility" and that it is "not strategically important to the United States." It reaffirmed that "the Cairo agreement and Potsdam Declaration and the surrender terms of September 2, 1945, anticipated its return to China" and suggested avoiding statements that "Formosa's final status still is to be determined by the Japanese peace treaty." It said that seeking U.S. bases on Taiwan or taking any similar action "would accomplish no material good for its nationalist regime," "would involve the United States in a long-term venture," would result in a "possible involvement in open warfare" and "subject the United States to a violent propaganda barrage and to reaction against our militarism, imperialism and interference, even from friendly people, and particularly from Chinese." (note 33)

On January 5, 1950, U.S. President Truman issued a statement, reiterating the provisions in the Cairo declaration and the Potsdam proclamation concerning Taiwan's return to China. He said: "The United States has no desire to obtain special rights or privileges, or to establish military bases on Formosa at this time. Nor does it have any intention of utilizing its armed forces to interfere in the present situation. The United States Government will not pursue a course which will lead to involvement in the civil conflict in China."

He said clearly: "Similarly, the United States Government will not provide military aid or advice to Chinese forces on Formosa." (note 34)

On January 12, 1950, Acheson made a speech entitled "Crisis in China" at the National Press Club where he spoke in defence of U.S. policy towards China and addressed the problem of U.S. military security in the western Pacific. He drew the United States' defence line north from the Aleutian Islands through Japan, the Ryukyu Islands and south to the Philippines, without mentioning Taiwan. (note 35)

So far it can be said that, forced by the general trend of events at that time, the opinion of hands-off in Taiwan prevailed in the U.S. ruling circles. Some top policy-makers finally declared that the United States was prepared to withdraw from the civil war in China.

However, such a change of attitude was very short-lived and the promise of withdrawal was never put to practice.

For instance, while the United States declared that it would not continue its support for Chiang, its embassy moved to Taiwan with Chiang in late December 1949 all the same, though it did not send an ambassador. On the same day (January 5, 1950) when Truman issued his statement, Acheson, in elaborating this statement at a press conference, said it was only at this time that the United States had no desire to obtain special rights ... on Taiwan. He played on the words "at this time" and added that in the event when U.S. forces were attacked in the Far East, the United States must be completely free to take whatever action in whatever area is necessary for its own security." It can thus be seen that hardly had Truman's statement been published when the United States was already preparing to break its promise. (note 36)

At the same time, there had all along been pressure within the U.S. policy-making organs against the position which had just been pronounced. Some elements in the State Department recommended the "neutralization" of Taiwan. This was first proposed by John Foster Dulles, then special adviser to the peace treaty with Japan, and approved by



Deputy Secretary of State Dean Rusk. On May 30, 1950, Rusk submitted a memorandum to Acheson recommending that the United States convey "confidence and resolution" instead of weakness regarding the Taiwan issue, and announce that it would neutralize Taiwan, "not permitting it either to be taken by the communists or to be used as a base of military operations against the mainland." (note 37)

As mentioned above, the Pentagon, too, had their own opinions. Shortly after Truman issued his statement, U.S. Joint Chiefs of Staff declared that the former war plan providing for the denial of Taiwan to the Russians in case of war should remain in effect. MacArthur was a strong advocate of U.S. intervention in Taiwan. On May 29 and June 14, he submitted two memorandums to the Joint Chiefs of Staff and the Department of the Army, putting forward for the first time the proposition that in the event of war, Taiwan would be "an unsinkable aircraft carrier." At about the same time, Secretary of Defence Louis Johnson suggested that "the United States make every effort to keep the communists out of Formosa even though this might entail holding Formosa with the aid of U.S. military forces." (note 38)

Meanwhile, there was a pro-Chiang uproar both in and outside of the Congress, accusing the U.S. Government of not providing the Kuomintang with enough support. This was known as the "who lost China" debate. It was also at that time that Senator Joseph McCarthy made appearance on the scene and opened a most absurd and reactionary page in the annals of modern U.S. politics. McCarthyism involved a much wider range of problems, U.S. China policy being one of its main targets. These people were small in number; but very outspoken and quite influential for a time.

Behind this hue and cry, there was communist-phobia, conflict among different interest groups and demagogic attacks by the "outs" on the "ins," which is common in American politics, as well as activities of agents directly paid by the Kuomintang. But, in the final analysis, what these people advocated did not go beyond the idea of letting the Chinese fight the Chinese with the United States providing money and guns and Chiang Kai-shek providing men. Only, deprived of all sense of reality, they simply ignored the fact that this practice had already gone bankrupt. Like the legendary king who was overwhelmed by the surging tide because he refused to retreat from the seashore, believing himself to be so almighty as capable of ordering an ebb of the sea, these people believed in the almightiness of U.S. dollars and U.S.-made arms, thinking by continuously pouring them down, they could stem the tide of the Chinese revolution.

Amidst this hubbub, Truman ordered the 7th task fleet to enter the Taiwan Straits on June 27, 1950, taking advantage of the Korean war. Thus began the history of almost 20 years in which the United States directly used armed forces to prevent the reunification of Chinese territory, which virtually reduced Taiwan to a U.S. protectorate.

Truman's statement of not interfering in the Taiwan issue and honouring the Cairo declaration [words indistinct] became a mere scrap of paper. When a British diplomat asked how to deal with the Cairo declaration, Acheson said it was "merely a lawyer's point" "not worthy of this discussion." Truman explained to British Prime Minister Clement Richard Attlee that when the Cairo declaration was signed, Japan was hostile to the United States but China was not and at that time he did not think China would be hostile to the United States. (note 39) According to this logic, the principle of respect for state sovereignty and territorial integrity could be changed at any time with the changing situation.

The above-mentioned developments show that, in late 1949 and early 1950 when the Chinese revolution swept over the mainland, the United States, finding that all conceivable means had proved ineffective except sending troops for a large-scale war, was forced to consider temporarily a hands-off policy. But this was done very reluctantly and a reverse was brewing all the time. The outbreak of the Korean war provided it with an excuse, as a U.S. Senator wrote in his diary: "The saving of Formosa was clearly God-guided." (note 40)

Ironically, all the bad consequences for the United States Acheson had anticipated and hoped to avoid did happen one by one: The United States tied itself to the discredited Chiang Kai-shek clique and thus lost prestige in the world. It could not escape the responsibility of prolonging the Chinese civil war, interfering in China's internal affairs and dividing Chinese territory. It made Taiwan an American-created irredentist issue and aroused with its own behaviour the entire Chinese people to the struggle against U.S. imperialism; it lost all room for flexibility in its China policy, found itself in an inextricable position, etc.... More important, the continuation of this policy of the United States led to a long period of hostility between the two countries and a tense situation in this region, which was detrimental to the fundamental interests of the two peoples and also seriously jeopardized peace in the Asian-Pacific region and the rest of the world.

The U.S. policy towards China during this period is recorded in almost all relevant books published in the United States as a "failure." One U.S. scholar made an incisive analysis when he pointed out that the key to the failure was the expansionist policy of the United States and its attempt to control China. In the eyes of the United States, he said, "a China not subservient to American interests was a China hostile to American interests." He also noted the contradiction between Acheson's warning that the United States should not aid governments lacking public support on the one hand, and his instruction to make absolutely certain that no opportunity be neglected to halt the spread of communism and his support for schemes devised by his subordinates for a separate Taiwan on the other. This scholar pointed out that what Acheson wanted was a puppet more compliant and "cleaner" than Chiang Kai-shek. He did not have any desire to change his approach to new China. (note 41)

Indeed, the United States policy failed because of its policy-makers' anachronism. Even in the mid-20th century they still attempted to continue practising the power politics of the 19th century. They did not regard China as a sovereign state, but as a chip in its contention with the Soviet Union for spheres of influence. They regarded China's territory as their property which they had the right to dispose of at will in disregard of the Chinese people's will. Having only experiences in dealing with the Kuomintang rulers who placed their hope of existence on the United States, they were accustomed to using patronizing and high-handed measures alternately to achieve their goal, and thought they could apply the same to the awakened Chinese people. Many experienced U.S. diplomats and learned scholars of the think-tanks spent their wisdom and talents on trying to find out a clever way to maintain U.S. imperialist privileges in China rather than on learning to go along with the trend of history and treat the Chinese people as equals. Naturally, failure was unavoidable.

Up to the 1970's, a new and great change had taken place in the world situation. U.S. power undeniably declined from its zenith and U.S. leaders found that "the United States, as compared with that position we found ourselves in immediately after World War II, has a challenge such as we did not even dream of." (note 42) Gone were the days when the United States could dominate the world, while new China had survived the U.S. blockade and encirclement and gone from strength to strength. Under such circumstances, some realistic U.S. statesmen recognized the necessity to change their policy towards China. It was then that they had to declare: "The United States acknowledges that all Chinese on either side of the Taiwan Straits maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position." Almost seven years later, they finally agreed: "There is only one China and Taiwan is a part of China, and the Government of the People's Republic of China is the sole legitimate government of China." It took the United States rather long to recognize such an obvious fact. Nevertheless, better late than never. It is precisely on this basis that China and the United States established diplomatic relations. However, a promise on paper is not equal to a deed. Almost immediately after the communique on the establishment of diplomatic relations between the two countries was signed, some U.S. politicians raised a hue and cry in the Congress which reminded one of the "who lost China" debate of 30 years ago. As a result, the "Taiwan Relations Act" came into being, which contradicts the spirit of the principles governing the

establishment of diplomatic relations between the two countries. At present, the U.S. Government, while declaring it values U.S. relations with China, says at the same time it wants to abide by the "Taiwan Relations Act," which means that it is unwilling to stop its interference in China's internal affairs. So, U.S. policy towards China is again enmeshed in a dilemma.

Frankly speaking, the fact that there still remains a "Taiwan issue" in the relations between China and the United States is the consequence of the imperialistic expansionist policy on the part of the United States. To China, it is the aftermath of the century-old history of being subject to foreign aggression and partition. It is inconceivable that the Chinese people, who have paid such high prices for the ending of national humiliation, would tolerate for long the continuation of such a state. But it is conceivable what a difficult situation the United States will find itself in if it clings to its policy which was already discredited in its heyday.

How Sino-U.S. relations will develop in the future depends on whether U.S. policy-makers will awaken to the irresistible law by learning from historical experience, throw off their heavy burden and catch up with the tide of the times.

Notes:

1. Sophia Su-Fei Yen: Taiwan in China's Foreign Relation, pp 59-73.
2. Ibid, p. 129.
3. Fan Wenlan: An Outline of Chinese History, p. 234.
4. (William Appleman Williams: Large Corporation and American Foreign Policy); see Corporations and the Cold War, edited by David Horowitz, p. 79.
5. Michael Schaller: The U.S. Crusade in China, p. 151.  
John Davies: Dragon by the Tail, p. 279.
6. Foreign Relations of the United States (FRUS), 1948, vol. VII, pp. 708-709.
7. Letter of Transmittal, United States Relations With China (White Paper), July 30, 1949, p. 11.
8. Marshall received the following instruction: In the event that either the communist leaders of "the generalissimo" refused to make what, in General Marshall's opinion, were "reasonable concessions," he was authorized to "go ahead and assist 'the generalissimo' in the movement of troops into north China," (from memorandum by General Marshall of a Conversation with President Truman, Secretary of State Byrnes, and Admiral Leahy), FRUS, 1945, vol. VII, pp. 767-769.
9. Ibid, 7, p. 16.
10. FRUS, 1949, vol. VIII, p. 109.
11. and 12. Ibid, 6, p. 708.
13. According to Acheson himself, his answer to reporters was: "When a great tree falls in the forest one cannot see the extent of the damage until the dust settles." Dean Acheson: Present at the Creation, p. 306.
14. FRUS, 1949, vol. IX, pp. 271-275, 284-286, 291-292. The last sentence underscored, see p. 274.
15. Ibid, 1948, vol. VII, p. 662; 1949, vol. IX pp. 271, 350.

16. Ibid, 6, p. 709.
17. FRUS, 1949, vol. IX, pp. 465-467.
18. Ibid, 1948, vol. VII, pp. 601-602.
19. Ibid, 1949, vol. IX, p. 295.
20. Ibid, p. 285.
21. Ibid, p. 272.
22. Ibid, 1949, vol. VIII, p. 288.
23. Ibid, 1949, vol. IX, pp. 266, 305, 348-349, 356-359.
24. Ibid, pp. 435-438, 442.
25. Ibid, p. 304.
26. Ibid, p. 396.
27. U.S. Relations With China, (White Paper), p. 358.
28. FRUS, 1949, vol. IX, p. 272.
29. Ibid, pp. 392-397.
30. Ibid, p. 274.
31. Foreign Relations of the United States (FRUS), 1949, vol. IX, pp. 460-461.
32. Ibid, pp. 465-467.
33. The New York TIMES, June 2, 1951, local edition, p. 4.
34. Public Papers of the Presidents, Harry Truman, 1950, p. 11.
35. DEPARTMENT OF STATE BULLETIN, January 23, 1950, vol. XXII, pp. 111-118.  
Dean Acheson: Present at the Creation, p. 357.
36. Uncertain Years, Chinese-American Relations 1947-1950, edited by Dorothy Borg and  
Waldo Heinrich, p. 85.  
  
DEPARTMENT OF STATE BULLETIN, January 16, 1950, vol. XXII, p. 81.
37. FRUS, 1950, vol. VI, p. 349. Uncertain Years, pp. 87-88.
38. Ibid, pp. 88-89.
39. FRUS, 1950, vol. VII, pp. 1438, 1453, 1455-1456.
40. Uncertain Years, p. 90.
41. Ibid, pp. 54-55.
42. Public Papers of the Presidents, Richard Nixon, 1971, pp. 806-807.



CRITICISM OF U.S. INTERFERENCE IN PRC AFFAIRS

OW140503 Beijing Domestic Service in Mandarin 1100 GMT 13 Jul 82

[Commentary from "International Current Events" program: "U.S. Diehards Contract Amnesia"]

[Text] Recently -- particularly before and since U.S. Secretary of State Haig's resignation -- a number of diehards in the United States have fanned up an ill wind of interfering in the internal affairs of China. They openly asked the U.S. Government to adhere to the stance of "two Chinas" and feverishly incited the continuous supply of weapons to Taiwan to oppose the sole legitimate government of the People's Republic of China, which has long been recognized by the U.S. Government.

These ultraconservatives have attempted to impose influences on various circles because they are swollen with arrogance. They have written articles, made reports, written joint letters to President Reagan and interviewed reporters, going around crying for help and giving the people the impression that they will never stop until Sino-U.S. relations are broken off.

The representatives from 28 U.S. conservative organizations held a press conference in a hall of the U.S. Capitol on 8 July. At the conference, a joint statement was read out and remarks were made by several representatives. They flagrantly advocated the "two Chinas" policy, openly called China's Taiwan Province the "Republic of China," and requested the U.S. Government not to pay any attention to Beijing's one-China policy. They clamored against "Red China" and voiced support for so-called "free China," opposed the Shanghai Communique and any change by the U.S. Government of its policy of long-term supply of weapons to Taiwan. They demanded that the "Taiwan Relations Act," which violates the principles of establishing relations between China and the United States, should be firmly implemented and demanded that the supply of weapons to Taiwan should be continued. They remarked that an end to the arms sales to Taiwan would mean desertion of old friends and a sellout of Taiwan, and so on and so forth.

These U.S. diehards have fanned up this adverse current against China in an attempt to undermine once and for all the basis for the current Sino-U.S. relations, thus causing Sino-U.S. ties to retrogress.

These diehards are few in number and their influence is limited. They represent neither the majority of the American people nor the mainstream of the Republican Party or the Democratic Party. Their clumsy performance was applauded by few, and very few people attended the press conference held on 8 July. This is because the fallacies they advocate not only run counter to the fundamental interests of the American people but also are detrimental to the interests of the peace and security of the various countries, including the United States. Despite their clamor, they failed to gain much support.

However, this ill wind of interfering in the internal affairs of China that has been fanned up recently certainly does represent a sinister intention held by some people in the United States. Their long-term and fundamental target is to create "two Chinas" and put Taiwan under U.S. control so as to keep China split for a prolonged period.

Therefore, it is not accidental that this adverse current against China appeared in the United States recently. They stirred up the trouble, not hesitating to undermine the Sino-U.S. relations established by the peoples and governments of China and the United States after a prolonged struggle, to completely overthrow the China policy that was agreed on by the four administrations starting with President Nixon, both Republican and Democratic, and to totally tear up the Shanghai Communique agreed upon by China and



the United States as well as the joint communique on establishing Sino-U.S. relations, thus taking the Sino-U.S. relations back to the situation of mutual hostility of the fifties.

Goldwater -- a veteran of the U.S. Senate -- has acted most flagrantly in this concern. He has repeatedly and undisguisedly advocated the view of "two Chinas," saying that in his opinion, the United States should recognize the so-called "free China" on Taiwan; and that in this way Taiwan will be the largest aircraft carrier in the world and the land of most strategic value to the United States.

There is another one who sang the same tune, retired U.S. General Mark Hill. At the press conference held on 8 July he made no secret of his views, saying that the United States must possess bases abroad so as to control sea routes. Without certain military bases in Southeast Asia, he said, the United States could not have held out in the Vietnam war. The same thing would be true with Taiwan in a similar situation. So, the real objective of these people is to control and occupy Taiwan and continue to make it an unsinkable aircraft carrier of the United States.

In fact, as early as the 1950's, General MacArthur, the then commander-in-chief of the UN troops, made the same remarks. At that time, the United States had just launched the war of aggression against Korea, demanded a policy of hostility toward China and attempted to permanently occupy Taiwan so as to turn Taiwan into an advance base against China. MacArthur clamored that the United States should at all costs keep this important fortress of strategic value in the Pacific area.

More than 30 years have elapsed and there have been earth-shaking changes in both Asia and the world. In face of reality, the U.S. Government had no alternative but to revise its policy towards China in the 1970's, and the relations between China and the United States were normalized. In the long run, it had to recognize that there was only one China, Taiwan was part of China and that the PRC Government was the only legitimate government in China.

However, there are still a few people in the United States today who still have the same shattered dream cherished by MacArthur some 30 years ago. They refuse to abandon the old views of some 30 years ago, but still attempt to occupy and control Taiwan and keep China split for a prolonged period of time.

It should be noted that these conservative diehards in the United States have resumed their activities at this time because they have their short-term targets. At present, the Chinese and the U.S. Governments are engaged in negotiations on the arms sales to Taiwan by the United States. These people -- who from the first have been extremely dissatisfied with the developing Sino-American relations -- are doing their utmost to incite the U.S. Government to continue its sales of weapons to Taiwan. Taking advantage of this transition period when new principal officials are replacing the old ones at the U.S. State Department, these people are attempting to fan an ill wind of opposing China and undermine the on-going negotiations between China and the United States on the U.S. arms sales to Taiwan, thus causing Sino-U.S. relations to retrogress.

However, the history of the development of the relations between China and the United States over the past 30 years tells us that it will never work for the U.S. Government to adopt the policy of infringing upon the sovereignty of China or interfering with the internal affairs of China. Those who still cherish the dream of going back to the old China of some 30 years ago to act as the overlords in China when the United States provided funds and guns to help Chiang Kai-shek engage in the civil war should review the history of the past three decades. They should open their eyes wide and take a good look at the current situation in the world.

History has already punished MacArthur and his like. However, there are still a few people in the United States who are suffering from serious amnesia, still trying to turn back the wheel of history. They engage in things that run counter to the fundamental interests of the American people and that undermine Sino-U.S. relations.

We advise them to stay clear headed. Anyone who persists in interfering with the internal affairs of China, attempts to occupy Taiwan, the territory of China, and attempts to keep China split for a prolonged period of time is bound to be punished by history.

#### ZHAO ZIYANG MEETS U.S. IBM DELEGATION 13 JUL

OW131536 Beijing XINHUA in English 1527 GMT 13 Jul 82

[Text] Beijing, July 13 (XINHUA) -- Chinese Premier Zhao Ziyang met here this evening with R.A. Pfeiffer, senior vice-president of the IBM Corporation and chairman of the board and chief executive officer of the IBM Americas-Far East Corporation, and his party.

Briefing the Chinese premier on the cooperation in computer industry between IBM and China, Pfeiffer said he is very much interested in promoting this cooperation. He said he hoped to see an expansion of U.S.-China cooperation and bilateral trade.

Premier Zhao said China's political situation is stable and its policy continuous. "Our policy of opening to the world will remain unchanged and China will honor the contracts it has signed with foreign countries," he said. "Lots of things can be done to expand economic and technical cooperation between China and other countries including the United States. There are broad prospects," he added.

Present at the meeting were Zhao Mingsheng, vice-minister of machine-building industry, and Arthur W. Hummel, U.S. ambassador to China.

#### CHEN MUHUA MEETS U.S. RESEARCHERS 12 JUL

OW121558 Beijing XINHUA in English 1521 GMT 12 Jul 82

[Text] Beijing, July 12 (XINHUA) -- Chen Muhua, Chinese state councillor and minister of foreign economic relations and trade, met and had a cordial talk here today with a delegation from the Stanford Research Institute (SRI) International of the United States led by its Executive Vice President Dr. Weldon B. Gibson.

#### REAGAN ANNOUNCES U.S. WILL NOT SIGN SEA TREATY

OW140817 Beijing XINHUA Domestic Service in Chinese 1502 GMT 11 Jul 82

[Text] Beijing, 11 Jul (XINHUA) -- Washington report: U.S. President Reagan announced on 9 July that the United States will not sign the international Law of the Sea Treaty. He said in a statement that the deep-seabed mining part of the convention does not meet United States objectives.

The draft of "the Law of the Sea Treaty" was adopted in late April at the 11th session of the 3d United Nations Law of the Sea Conference after nearly 9 years of negotiations. Some 130 countries, including France, Japan, most Western countries and almost all developing countries, voted for it. The United States, Israel and two other countries voted against it. Seventeen countries, including the Soviet Union, abstained. The treaty is scheduled to be signed in December 1982 in Caracas, the capital of Venezuela.

According to a Washington POST report, the U.S. State Department has informed several major allies of this decision made by Reagan. The paper pointed out the decision would "make the United States take the risk of eventually separating itself from a new world order accepted by other countries in the world and becoming isolated."

The decision shows that the Reagan administration has changed the more cooperative position on the law of the sea issue taken by several previous administrations.

ECONOMIC ORDER SOUGHT TO COUNTER RISING DOLLAR

HK090120 Beijing RENMIN RIBAO in Chinese 8 Jul 82 p 7

["Economic Jottings" by Gu Jin [6253 3160]: "The Rise of the Dollar Causes Calamity for the Western World"]

[Text] The value of the U.S. dollar has recently been rising steeply, while the currencies of Western Europe and Japan have been losing value. This has become one of the main factors in disrupting international finance and causing tension between the United States and its main Western allies.

The value of the dollar against 15 major Western currencies had by early June risen an average of 22 percent since Reagan took office. The dollar has continued to rise since the Versailles seven-nation summit. At present the exchange rates of the Canadian dollar, the French franc and the Italian lira against the dollar are at their lowest postwar level. Two and a half years ago, \$1 could be exchanged for DM1.72, but now it will buy DM2.43. The Japanese yen's rate against the dollar has also fallen to the lowest level in 2 and 1/2 years.

In the 1960's and the early 1970's, when the value of the dollar was falling, the chief Western countries frequently held consultations and sold gold reserves to help shore up the dollar, all to no avail. Now it seems that the dollar is striding proudly ahead again. Under the powerful pressure of the dollar, the French franc, the Italian lira, the Portuguese escudo, the Chilean peso, the Greek drachma and so on have recently been continuously losing their value. Even the prices of gold and silver have collapsed.

The Reagan administration is currently vexed by severe domestic economic problems. The boom in the dollar obviously does not stem from U.S. domestic economic strength, but is caused by other factors.

U.S. interest rates have consistently been higher than those of Western Europe and Japan for more than 2 years now. The U.S. inflation rate has declined notably this year, but there has been no fall in the domestic interest rate. Hence, the true U.S. interest rate (16.5 percent bank interest less 7 percent inflation) is as high as 9.5 percent, much higher than the true interest rates of 2-4 percent in Western Europe and Japan. As a result, idle international money is pouring into America, which causes the dollar to rise.

Another cause of the rise of the dollar is financial instability in Western Europe. As everyone knows, economic policies among the EEC members have never been coordinated; most of them are running shocking deficits and their currency values are unstable. The European currency system established in March 1979 has already carried out six major readjustments, including three in the past 9 months. Canada, America's northern neighbor, is also in deep trouble, with double-digit inflation. All these things cause the dollar to imperceptibly turn into a shelter for idle international money and a bunker for private investment. The dollar is very popular on that account. The rise of the dollar helps to reduce domestic inflation, but it certainly causes tremendous calamity for the Western world.

The most outstanding calamity is that it forces a number of countries to devalue their currencies and worsens their domestic inflation. Many Western European countries have to resort to raising their domestic interest rates in order to protect the foreign exchange value of their currencies. However, high interest rates are bound to hamper domestic investment and exacerbate domestic economic stagnation; thus, unemployment increases and sharp social and political turmoil ensues. At present all EEC members have been compelled to institute high interest rates, and this is the reason their economic recovery is slow.

The rise of the dollar and high U.S. interest rates also pose a grave threat to the Third World countries. Due to the Western world's economic sluggishness, not only have there been sharp reductions in the raw materials and finished industrial goods exports of the developing countries, but their prices too have fallen greatly. In the midst of this, the rise of the dollar compels them to devalue their currencies and thus damages their repayment capacity, while high U.S. interest rates also greatly increase their interest burden. Many Third World countries have fallen into an impasse, where they are unable to repay their debts or borrow any more.

The rise of the dollar is causing a whole series of calamities for the entire Western world. Since at present 75 percent of international trade and international payments are made in dollars, the moment U.S. domestic economic policies change, the economy and trade of other countries suffer accordingly. Hence it is not only the industrialized countries of Western Europe and Japan that are currently expressing great discontent over U.S. policies; all the developing countries in the world are also extremely indignant over this issue. From the question of the rise of the dollar, it is all the more evident how essential and urgent it is to establish a new international economic order in the field of international finance.

USSR'S USTINOV ON FIRST USE OF NUCLEAR WEAPONS

OW122202 Beijing XINHUA in English 2138 GMT 12 Jul 82

[Text] Moscow, July 12 (XINHUA) -- Although the Soviet Union has pledged not to be the first to use nuclear weapons, it will continue to determine its policy in the light of the U.S. behaviour, said Soviet Defense Minister Dmitry Ustinov here today.

In a lengthy article carried in PRAVDA, Ustinov stated that Washington and other NATO countries should realize that while the Soviet Union will not be the first to use nuclear weapons, it will not allow all those who are deliberating on nuclear attack plans aimed to win a nuclear war to be the first to use nuclear weapons either.

He said the Soviet Union will further improve the war preparedness and technical equipment of the Soviet Army and perfect its command and communication systems.

USSR SAYS PIPELINE TO BE COMPLETED ON SCHEDULE

OW081822 Beijing XINHUA in English 1616 GMT 8 Jul 82

[Text] Moscow July 8 (XINHUA) -- The Soviet press today published a resolution of the Central Committee of the Communist Party and the Council of Ministers saying that "the laying of the natural gas pipeline from Urengoy in Siberia to Uzhgorod in the west border region will be completed as decided before." The resolution says that "measures were taken" to ensure the completion of the project.

It says that gas for domestic consumption will be supplied in accordance with the five-year plan and its exportation will begin as of 1984 under the contracts signed.

The resolution was apparently made to cope with the recent U.S. embargo on oil and gas production equipment export to the Soviet Union. Subject to the embargo, decreed by President Ronald Reagan on June 18, is not only equipment manufactured in the United States, but also that produced by overseas U.S. companies and by foreign countries with U.S. licences.

The pipeline will run some 5000 kilometers, and some Western European countries have agreed to supply steel pipes and equipment for the project.

The embargo has touched off a new wave of quarrels between the United States and West European countries. The Soviet resolution is believed to be intended to pour oil on the flame.



KYODO: KIM IL-SONG REPORTEDLY TO VISIT PRC

OW131431 Tokyo KYODO in English 1226 GMT 13 Jul 82

[Text] Beijing, July 13, KYODO -- North Korean President Kim Il-song will visit China in autumn this year, possibly in September, Western diplomatic sources said Tuesday.

China's Foreign Ministry did not immediately confirm Kim's visit -- the first in seven years.

The sources said since there are no issues pending between China and North Korea, Kim's visit is likely aimed simply at furthering friendly relations between the two nations. They said Kim's trip is to repay visits in May 1978 by then Chinese party Chairman Hua Guofeng and in September 1978 by party Vice Chairman Deng Xiaoping.

North Korea has been leaning increasingly toward China and there have been frequent exchange of visits by ranking officials of the two nations.

ACTIVITIES MARK MPR REVOLUTION ANNIVERSARY

## Beijing Meeting

OW091346 Beijing XINHUA in English 1225 GMT 9 Jul 82

[Text] Beijing, July 9 (XINHUA) -- The Chinese People's Association for Friendship With Foreign Countries gave a cocktail party here this afternoon to celebrate the 61st anniversary of the Mongolian people's revolution.

Among the guests were Puntsagyn Shagdarsuren, ambassador of the Mongolian People's Republic to China, and embassy officials. Hou Tong, vice-president of the association, presided over the function.

## MPR Envoy's Reception

OW101331 Beijing XINHUA in English 1240 GMT 10 Jul 82

[Text] Beijing, July 10 (XINHUA) -- Puntsagyn Shagdarsuren, Mongolian ambassador to China, and Mrs. N. Shagdarsuren gave a reception at the embassy here this afternoon to celebrate the 61st anniversary of the Mongolian people's revolution.

Wu Xueqian, vice-minister of foreign affairs, and other leading members of departments concerned were among the guests. Diplomatic envoys of various countries here were also present.

BRIEFS

JAPANESE DELEGATION IN LIAONING -- The 21-member Japanese delegation of the Sino-Japan industrial technological cooperative association arrived in Shenyang on 9 July. The delegation is composed of representatives from the Japanese small and medium-size industrial enterprises. During their visit, the delegation toured the ancient palace and Beijing tomb park and inspected production in some plants and factories. The delegation was feted by leading personnel of the provincial and Shenyang municipal government organs including (Li Ruiqian), deputy governor of the province. These Japanese guests left Shenyang on the evening of 10 July. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 10 Jul 82 SK]

SINCERITY OF SRV TROOP WITHDRAWAL PLAN QUESTIONED

OWL40422 Beijing XINHUA Domestic Service in Chinese 0712 GMT 13 Jul 82

[Commentary by XINHUA correspondent Tang Tianri [0781 1131 2480]: "Two 'Partial Troop Withdrawals'"]

[Text] Beijing, 13 July (XINHUA) -- The Vietnamese authorities recently proposed a "partial troop withdrawal" from Kampuchea. What exactly is this scheme worth? What is their intention? What are the consequences? People might as well compare it to the "partial troop withdrawal" from Afghanistan proposed by the Soviet Union 2 years ago in order to reach a general conclusion.

The Soviet Union announced its "partial troop withdrawal" from Afghanistan on 22 June 1980. The Soviet authorities boasted it was a "new, important initiative action." However, what world public opinion noted at that time was not the decision itself but the time of the announcement. The time chosen by Moscow was prior to the convening of international conferences: the foreign ministers conference of the five ASEAN nations, the consultation between the ASEAN and the Western countries on the Afghanistan and Kampuchea questions and the 37th UN General Assembly session. The Soviet intention was to announce the "partial troop withdrawal" for the purpose of softening the firm stand of various countries which demanded unconditional, immediate and total troop withdrawal and evading condemnation by world public opinion. Now the Vietnamese authorities have put forth the proposal at a time following the signing of the declaration on the formation of a coalition government by the three patriotic forces in Kampuchea and before Vietnamese Foreign Minister Nguyen Co Thach visits some ASEAN countries and the 37th UN General Assembly opens. The Vietnamese intention was to use the "partial troop withdrawal" to offset the international impact of the formation of the Kampuchean coalition government, using this trick to soften the stand of the ASEAN countries and the United Nations, which have demanded unconditional, immediate and total troop withdrawal.

Another aim of the Soviet announcement on "partial troop withdrawal" at that time was to lure various countries into stopping aid to the Afghan people so as to step up its suppression of Afghanistan's struggle against aggression. Now, the Vietnamese authorities have announced that they would effect a "partial troop withdrawal" from Kampuchea; the purpose is to prevent the world community from giving aid to the Kampuchean people in their patriotic struggle against the Vietnamese aggressors. They demanded that the Kampuchean patriotic forces opposing Vietnamese aggression must be "disarmed" and that they "cannot accept aid in arms and food supplies." Obviously, Vietnam also wanted to apply the "partial troop withdrawal" trick to achieve what it could not get in the battlefield.

Two years have passed since the Soviet Union announced its "partial troop withdrawal." But it is a well-known fact that the number of Soviet invading troops in Afghanistan has not been reduced but has remained at about 100,000 at all times. While the Soviet Union has pulled out some of what it called "nonessential troops," such as the wounded and unreliable officers and men, it has also sent back some troops trained in antiguerrilla warfare. Troop withdrawal in such as fashion amounts to nothing but troop rotation. Now Vietnam has announced a "partial troop withdrawal" from Kampuchea; would the number of its invading troops in Kampuchea be greatly reduced? Prasong Sunsiri, secretary general of the National Security Council of Thailand, in his recent statement quoting relevant information said that the Vietnamese authorities had dispatched 20,000 Vietnamese soldiers to Kampuchea from the 3d and 4th Divisions in northern Vietnam prior to its announcement of a "partial troop withdrawal" from Kampuchea.

The two "partial troop withdrawals," announced on two different occasions, are very similar. It is clear that the trick Hanoi is playing today was learned from its master craftsman in Moscow. If the trick used by its master craftsman 2 years ago did not work and has long been proven a worthless fraud, how can an apprentice convince others of his sincerity? Coalition Government of Democratic Kampuchea (CGDK) Chairman Norodom Sihanouk exposed the deceptiveness of this trick used by Vietnam in Bangkok on 12 July. He said: While Vietnam has indicated that it would pull out some of its troops from Kampuchea and has given assurances that ASEAN would not be invaded, there is no guarantee, however, that another country will not become a second Kampuchea some day.

CGDK'S IN TAM ON PARTIAL SRV TROOP WITHDRAWAL

OW131526 Beijing XINHUA in English 1510 GMT 13 Jul 82

[Text] Bangkok, July 13 (XINHUA) -- The Vietnamese suggestion to withdraw part of their troops from Kampuchea "is sheer propaganda strategy," said In Tam, member of the Coordination Committee for Defence of the Coalition Government of Democratic Kampuchea [CGDK].

The Thai newspaper MATUPHUM DAILY today quoted him as saying that the Vietnamese can never be trusted as it is their customary practice to resort to deceit and conspiracy. "The fact is Vietnam has not withdrawn any troops from Kampuchea," he said. He added that having occupied Kampuchea, the Vietnamese would never easily agree to withdraw their troops.

Questioned whether there had been any factional clashes among the resistance forces, In Tam said: "This is true. But after the formation of the coalition government, we believe we will have no more armed clashes among ourselves. That is to say, we must get united." He also told reporters that after the formation of the coalition government, each party will work in its own area. That is why coordination and cooperation are necessary, he noted.

BURMA'S FOREIGN MINISTER U CHIT HLAING VISITS

## Huang Hua-Chit Hlaing Talks

OW131610 Beijing XINHUA in English 1553 GMT 13 Jul 82

[Text] Beijing, July 13 (XINHUA) -- Chinese State Councillor and Foreign Minister Huang Hua and Burmese Minister for Foreign Affairs U Chit Hlaing held talks here this afternoon. They recalled with satisfaction the development of the friendly relations and cooperation between the two countries in the political, economic, trade, cultural and other fields in the 30 years or so since the establishment of diplomatic relations. They said that the two governments will continue to advance these relations. The two foreign ministers also exchanged views on international issues of common concern, especially the situation in Southeast Asia.

The talks proceeded in a cordial atmosphere. Taking part in the talks on the Chinese side were Wu Xueqian, vice-foreign minister, and Huang Mingda, ambassador-designated of China to Burma. Taking part in the talks from the Burmese side were Burmese Ambassador to China U Aung Win and other Burmese guests who are accompanying the foreign minister on the visit.

Minister U Chit Hlaing and his party arrived here this morning at the invitation of Huang Hua after a visit to the Democratic People's Republic of Korea. U Aung Htay, deputy minister of information and culture of Burma, is accompanying the foreign minister on the visit.

The Burmese guests were welcomed at the airport by Huang Hua, Chinese Vice-Minister of Culture Lu Zhixian and Korean ambassador to China Chon Myong-su.

## Second Round of Talks

BK131449 Beijing in Burmese to Burma 1130 GMT 13 Jul 82

[Text] Chinese State Councillor and Minister for Foreign Affairs Huang Hua and Burmese Minister for Foreign Affairs U Chit Hlaing held talks this evening at the state guest house in Beijing.

During the talks, the two sides recounted the traditional friendship between China and Burma and stressed the need to continue stepping up friendly contacts between the two countries. The two sides also expressed the need to develop friendly relations and cooperation between the two countries in the political, economic and cultural fields.

During the discussions on the changing international situation, the two sides exchanged views on peace and security in Asia. They unanimously held that the formation of the Coalition Government of Democratic Kampuchea is a sign of progress with positive effects for peace in this region and that both China and Burma were pleased with the development.

#### Banquet for Chit Hlaing

OW131634 Beijing XINHUA in English 1618 GMT 13 Jul 82

[Text] Beijing, July 13 (XINHUA) -- Chinese State Councillor and Foreign Minister Huang Hua gave a banquet here this evening for Burmese Minister for Foreign Affairs U Chit Hlaing and his party.

Addressing the banquet, Huang Hua praised the Burmese government and people for their important achievements in promoting the national economy and culture on the basis of self-reliance. He also praised the Burmese Government for upholding justice and opposing aggression and expansion in international affairs. Huang Hua said that both China and Burma need a peaceful and stable international environment in order to build their respective countries. "Hegemonist aggression and expansion have created an intense situation in Asia, gravely threatening the independence and security of various countries. Confronted with this situation, all peace-loving countries in this region must proceed from their respective positions to strengthen unity and cooperation and make common efforts to defend peace and check aggression. In this just cause, the Chinese Government and people will firmly stand with other Asian countries and make common efforts with them," Huang Hua said.

He added that the friendship between China and Burma has been cultivated by their leaders and stood the test of time. The Chinese Government and people, he said, cherish Sino-Burmese friendship and will continue to make sincere efforts to enhance the friendly relations and cooperation between the two countries.

In reply, U Chit Hlaing said that Burma and China are two neighbouring countries enjoying close and cordial relations since time immemorial. "Whenever issues arise between us, we have been able to successfully overcome them in a spirit of goodwill, friendship and mutual accommodation. For this reason, we firmly believe that the friendship between our two countries will continue to be doubly strengthened in the coming years ahead." He added that Burma is resolved to do all it can to enhance the existing friendly relations between the two countries.

The Burmese minister said that in the process of strengthening this traditional goodwill and amity, there has been a frequent exchange of visits not only between the leaders of our two countries but also at various other levels. "We are happy to note that Chairman U Ne Win in his capacity as president of the Socialist Republic of the Union of Burma visited the People's Republic of China in 1980. On the other hand, Premier Zhao Ziyang also honored our country with his visit in 1981. We believe that these visits have further consolidated the bonds of friendship existing between our two countries," He said.

Present were visiting deputy minister of information and Culture U Aung Htay, Burmese Ambassador to China U Aung Win and his wife. Also present were Chinese Vice-Foreign Minister Wu Zueqian, Deputy Chief of the General Staff of the Chinese People's Liberation Army Wu Siuquan, Vice-Minister of Foreign Economic Relations and Trade Jia Shi and Vice Minister of Culture Lu Zhixian.



ZHAO ZIYANG MEETS ARAB LEAGUE DELEGATION 13 JUL

OW131854 Beijing XINHUA in English 1831 GMT 13 Jul 82

[Text] Beijing, July 13 (XINHUA) -- Premier Zhao Ziyang today reiterated China's firm support to the Palestinian, Lebanese, Syrian and other Arab people in their just struggle against Israeli aggression. "Our stand is firm, clear-cut and consistent," he said. Premier Zhao was speaking at a meeting with the delegation from the League of Arab States in the Great Hall of the People this evening.

The Chinese Premier said the Chinese Government and people have followed with concern the situation in Lebanon. "We strongly condemn Israel's barbarous acts of invading Lebanon and killing Palestinian and Lebanese people. We condemn the U.S. for supporting and conniving with the Israeli aggression and expansion." He said China will continue to make efforts, along with other peace-loving and justice-upholding countries and peoples, to stop Israeli aggression and force Israel to withdraw its troops from Lebanon immediately and unconditionally. "The Chinese Government and people firmly believe, no matter what difficulties the Palestinian and other Arab people may encounter on their road ahead, they will surely emerge victorious in their just struggle," he added.

'Ali Lutfi Ath-Thawr, leader of the delegation and foreign minister of the Yemen Arab Republic, praised China's firm and clear-cut policy concerning the Palestine and Arab cause. "Your policy will help us win victory in our cause. Our delegation's visit to China is crowned with success, and we will leave China satisfied," he said.

Present were He Ying, advisor to the Chinese Ministry of Foreign Affairs; Wen Yezhan, vice-minister of foreign affairs; members of the Arab League delegation, including Hamid 'Alwan, Iraqi minister of state for foreign affairs, and Jamal Omar Surani, member of the Executive Committee of the Palestine Liberation Organization; diplomatic envoys to China of Algeria, Iraq and the Yemen Arab Republic; and Tayeb Abdul Rahim Mahmoud, head of the P.L.O. mission in Beijing.

After the meeting, diplomatic envoys of Arab countries to China gave a dinner to mark the China visit of the Arab League delegation. The delegation is scheduled to leave China tomorrow.

RENMIN RIBAO DENOUNCES INVASION BY ISRAEL

HK140815 Beijing RENMIN RIBAO in Chinese 12 Jul 82 p 6

[International Jottings by Shi Fang [1102 5364]: "Don't Laugh Too Soon"]

[Text] Israel's invasion of Lebanon, their siege of West Beirut and their massacre of Lebanese and Palestinian people has already aroused the common anger of upright people all over the world, including the Israeli people. The likes of Begin and Sharon, however, are quite beside themselves. They say that "if we now follow up our victory with hot pursuit," the PLO will "disintegrate." A high-ranking U.S. official chimed in by saying: "The PLO is finished."

However, the likes of Begin should not be pleased with themselves so soon: The struggle of the Palestinian people for national rights will never be "finished." As long as they still exist and have truth on their side, and as long as they enjoy sympathy and support from people all over the world, the Palestinian people will definitely emerge from their pool of blood. They will advance wave upon wave until they have won the right to return to their homeland. Concerning this, even the magazine U.S. NEWS & WORLD REPORT has pointed out: "A frightening prospect is that" the PLO will "make a comeback." It said: "The force which spurs this movement on, that is, the hostility toward the Jewish state and the determination to recover the homeland of hundreds of thousands of Palestinian people, has not vanished as a result of Israel's military victory."

Begin should not laugh too much, for there will be a time to cry.

#### WORLD SITUATION BLAMED FOR KENYA'S DIFFICULTIES

OW281700 Beijing XINHUA in English 1613 GMT 28 Jun 82

["Roundup: Why is Kenya's Economy in Difficulties? -- by XINHUA Correspondent Ye Zhixiong" -- XINHUA headline]

[Text] Nairobi, June 28 (XINHUA) -- Kenya, once an economically fast-developing country, has encountered severe financial and economic difficulties in recent years mainly because of the problems arising from the existing international economic order.

In the first ten years since independence in 1963, Kenya's economic growth averaged 6.8 percent per year. In recent years, it has encountered economic slow-down, food shortage, increasing unemployment, high inflation rate, widening foreign trade gap, increasingly huge balance of payments deficits, declining foreign exchange reserves, rising domestic and foreign debts, and repeated devaluation of the currency.

Why is Kenya's economy in difficulties? A concrete analysis of Kenya's economic difficulties clearly shows the common problems confronting many developing countries.

Kenya's financial situation started to get worse in 1973. It depends entirely on imports for its oil consumption, but in the past it managed to pay for oil imports with re-export earnings from its excessive refined oil products. As the oil price has risen 24 times from 5.4 Kenyan pounds per ton in 1972 to 129.6 Kenyan pounds per ton last year, it has to spend an increasingly large amount of foreign exchange to pay for oil imports. By last year, its oil import expense accounted for 20 percent of its total import value and consumed two-thirds of its export earnings except that from oil product re-exports. All earnings from its coffee and tea exports are not enough to pay its oil import bills.

Like many non-oil developing countries, Kenya has been suffering from deteriorating terms of trade with Western industrial countries in recent years because these Western countries have been trying hard to shift their heavy burden from oil imports onto non-oil developing countries by raising drastically the prices of their industrial goods and equipment. It was estimated that by last year, developing countries averagely got only two-thirds of what they could import from Western industrial countries in 1972 with the same amount of their exports. Kenya now pays its oil import bills with 66 percent of its total export earnings instead of 20 percent needed in the early 1970's.

All this has led to increasing deficits in international balance of payments and diminishing foreign exchange reserves for Kenya. According to the economic and financial review by the Central Bank of Kenya, Kenya recorded an overall deficit of 1,832 million shillings in the balance of payments last year, or 386 million shillings higher than the previous year.

Its foreign exchange reserves went down from 4.752 million shillings in December 1979 to merely 2,355 million shillings in April this year. It had to devalue the currency twice a year totalling more than 20 percent against the Special Drawing Right. The government's borrowing increased 70 percent last year and had to pay 1,412 million shillings in interest for the foreign debts, accounting for 9.2 percent of its export earnings. Meanwhile, inflation continued at an annual rate of 13 percent last year and officials forecast 20 percent for this year.

Since independence, Kenya has inherited and further developed a medium and small-sized industry and an agriculture largely based on small holders. But it considerably relies on Western countries for capital investment, machinery and equipment. The World Bank estimated that the average ratio of imported capital goods to gross domestic investment in Kenya has risen to some 38 percent and the average ratio of imported intermediate goods to Kenya's gross domestic product has risen to about 16 percent.

Under the impact of prolonged economic recession, Western countries have generally slowed down their capital outflow to Kenya in recent years. Meanwhile, Kenya's ability to import Western machinery and equipment has also been limited for lack of foreign exchange. Restriction on imports to curtail balance of payments deficits also affects economic development inevitably as well. According to the government's economic survey 1982, just published, manufacturing industry's growth rate was slowed down to 5 percent last year as against 12.6 percent in 1978 and (?9) percent in 1980.

On the other hand, Kenya's main export goods such as coffee and tea are under the restriction of international quotas [words indistinct] largely manipulated by Western countries. For example, Kenya at present has one million bags of coffee (60 kilos per bag) in excess of the international quota allocated by the International Coffee Organization and has to sell them in non-quota markets at much lower prices.

Kenya's population has more than doubled, from 8.5 million at independence in 1963 to 17.9 million now. Its present annual population growth rate at 3.9 percent is the world's highest, which has nearly offset the economic growth in recent years and caused food shortage. It had to spend lots of foreign exchange to import maize, wheat and milk powder in the past two years. The persistent drought in 1980 and 1981 has seriously affected the production of maize, wheat and other produce.

The Kenyan Government has taken a series of measures to ease the financial and economic difficulties and promote national economic development. Better weather and the raising of purchase prices had led to an agricultural growth rate of 6.2 percent last year. Restriction on imports cut down the foreign trade deficit last year by 16 percent to 7,400 million shillings.

However, as President Daniel arap Moi pointed out, Kenya is facing "a truly serious economic situation" which "is not a temporary one" and "is unavoidable for many developing countries." The fundamental cause for Kenya's economic difficulties lies in the existing unreasonable international economic order. It convincingly justifies the common demand of the developing countries for the establishment of a new international economic order.

DENG XIAOPING, OTHERS INSCRIBE PLA JOURNAL

OW140940 Beijing XINHUA Domestic Service in Chinese 0042 GMT 14 Jul 82

[Text] Beijing, 14 Jul (XINHUA) -- Deng Xiaoping, chairman of the Military Commission of the CCP Central Committee, and Ye Jianying, Xu Xiangqian and Nie Rongzhen, vice chairmen of the Military Commission, recently wrote inscriptions for XING HUO LIAO YUAN [A SINGLE SPARK CAN START A PRAIRIE FIRE, a PLA journal] in commemoration of the 55th founding anniversary of the Chinese People's Liberation Army. They encouraged the PLA commanders and fighters to inherit and carry forward the revolutionary traditions and accelerate the modernization and regularization of the revolutionary army.

Comrade Deng Xiaoping's inscription is "Inherit and carry forward the glorious traditions of the People's Army."

Comrade Ye Jianying's inscription is "Pass on the revolutionary spirit from generation to generation."

Comrade Xu Xiangqian's inscription is "Carry Forward the revolutionary spirit and struggle to build a modern People's Army."

Comrade Nie Rongzhen's inscription is "Educate all the PLA commanders and fighters in our army's glorious career and revolutionary traditions."

XING HUO LIAO YUAN, containing full-length revolutionary memoirs, is a textbook on our army's course of struggle and revolutionary traditions. Since it began publication in 1956, it has received more than 10,000 articles written by veteran revolutionary fighters of our party and army on major events of various periods of the People's Army and its militant life. Many articles have been published in "Selected Articles of XING HUO LIAO YUAN." They depict a number of lively events and fully show our army's objective of wholeheartedly serving the people and the People's Army's glorious traditions of officer-soldier unity, army-civilian unity, hard struggle and fearing no sacrifice.

This journal of full-length revolutionary memoirs is published by the XING HUO LIAO YUAN editorial department of the PLA Fighters Publishing House. By the eve of "1 August", ten volumes of "Selected Articles of XING HUO LIAO YUAN" were published. XING HUO LIAO YUAN journal will also publish a special journal marking the 55th founding anniversary of the PLA.

LIU BOCHENG'S 'ART OF WAR' PUBLISHED FOR ARMY DAY

OW140157 Beijing Domestic Service in Mandarin 2230 GMT 13 Jul 82

[Text] JIEFANGJUN BAO reports that, in commemoration of the 55th anniversary of the PLA's founding, the "Art of War" by Liu Bocheng has been formally published. Comrades Geng Biao, Li Desheng, Chen Xilian, Li Da and (Yang Guoyi), who had fought alongside Comrade Liu Bocheng over a long period, have written many articles for the book, which includes a collection of 30 articles.

The articles, written in the form of memoirs or study notes, discuss Comrade Liu Bocheng's general ideas about overall conduct of war, his correct grasp of strategy, the situation of both friend and foe, and his strategic ideas and style of command in keeping the initiative in war. The book also presents Comrade Liu Bocheng's brilliant ideas about how to organize headquarters, how to strengthen ideological and political work and how to maintain the high morale of troops.

Comrade Liu Bocheng had worked with Comrade Deng Xiaoping for a long period in directing operations. The book records many of his experiences in directing military operations and it can be said that it is a crystallization of the collective wisdom of Comrade Liu Bocheng and Deng Xiaoping.

JIEFANGJUN BAO today carries an article by Comrade (Liu Haiqing) entitled "Make a Conscientious Summarization and Study of Successful Experiences of the History of Operations of Our Army -- Notes on Reading Liu Bocheng's 'Art of War.'"



XUE MUQIAO ON PLANNED ECONOMY, MARKET MECHANISM

HK131051 Shanghai SHIJIE JINGJI DAOBAO No 89, 21 Jun 82 p 3

[Speech by Xue Muqiao [5643 2550 2890] at second annual meeting of Sino-Japanese Economic Knowledge Exchange Association on 3 May 1982: "Planned Economy and Regulation by Market Mechanism"]

[Text] Regarding the relations between planned economy and regulation by market mechanism, I published an article in the 16 April issue of HONGQI. This article has been translated and can be used for our friends' reference. So it is no longer necessary for me to give an overall explanation on this question. I only wish to say that our recent formulation of this question is slightly different from what it was 2 years ago. Does this mean that the orientation for the reform of the economic system has been changed? I want to stress that our orientation has not been changed and that we simply want to express this orientation more accurately in order to avoid deviations. At present, this point is still under discussion.

The economic reform in our country is to implement the policy of opening up to the outside world and enlivening the domestic economy. This policy has not been changed at present, nor will it be changed in the future. In implementing the policy of opening up to the outside world in the past few years, activities of smuggling and selling contraband have rapidly developed in some areas. At present, we are banning smuggling, selling contraband and other unlawful activities. As we all know, banning smuggling and selling contraband will not affect our policy of opening up to the outside world at all. On the contrary, this will ensure the smooth development of the policy. Moreover, in implementing the policy of enlivening the domestic economy and extending the decision-making power of localities and enterprises, our planned management work has not been able to keep pace with new situation. Departmental selfishness has developed to a certain extent in some localities and enterprises. They benefit themselves at the expense of state interests and strike blows at state plans. Therefore, we are considering how to take new measures to strengthen planned management of the national economy. In taking new measures, we do not mean to resort once more to purely administrative means in managing the economy, but to gradually more often use economic means in managing the economy with the development of the work of readjustment. Only in this way can the enthusiasm of localities and enterprises conform with state plans and the overall interests of the state. If we can achieve this, we can further enliven the economy.

In our planned management of the national economy in the past 30 years, we have been correct in some aspects and have shortcomings in others. We have been correct in strictly controlling the scale and orientation of economic construction. The people's livelihood has to be gradually improved and the extent of improvement has been controlled in a planned way. All arrangements for major construction items and the production and distribution of major products have been brought into the orbit of state plans. In these aspects, we have slackened our work since we extended the decision-making power of localities and enterprises. This has affected the readjustment of the national economy. From now on, we should use control more strictly. Our shortcomings are that we have depended solely on administrative means and have not been good at using economic means, such as using the price policy, the tax policy, the policy of bank credits and other economic levers to ensure the fulfillment of state plans. It is impossible for our state plans to completely reflect the needs of the market. There are tens of thousands of small commodities which cannot be brought into the orbit of state plans. They can only be regulated by means of market mechanism. If any plan for managing products is not in conformity with the needs of the market, it should also be readjusted within a certain scope. Therefore, in 1979, we put forth the principle of the combination of regulation by planning mechanism with regulation by market mechanism in the national economy. We can rely mainly on regulation by planning mechanism while at the same time paying full attention to the role of regulation by market mechanism. This principle of reform has undoubtedly played a positive role in enlivening the economy in the past 3 years.

In order to enliven the economy, we have gradually extended the decisionmaking power of localities and enterprises and have implemented the system of dividing financial income and profits of enterprises. The extension of decisionmaking power has played an important role in bringing into play the enthusiasm of localities and enterprises. However, our reform of the economic levers, such as the price and tax systems, has failed to keep pace with the changing situation and to guide localities and enterprises to develop along the course charted by state plans. They have often violated state plans for their own interests. Under these circumstances, we can only strengthen guidance by planning and administrative management over some trades and professions and some products, that is to say, we have considerably relied on administrative measures to ensure the fulfillment of state plans. There, recently we have changed our formulation as follows: "It is imperative to practice the planned economy on the basis of the system of ownership by the whole people and at the same time bring into play the supplementary role of regulation by market mechanism."

In the past, we often confused regulation by administrative means with regulation by planning, and regulation by economic means with regulation by market mechanism. Consequently, in planned management, the combination of administrative means and economic means was expressed as the combination of regulation by planning and regulation by market mechanism. In this sense, the meaning that regulation by planning is the dominant factor and market regulation a supplement will be understood as using regulation by administrative means as the dominant factor and using regulation by economic means as a supplement. Obviously, this is not correct. Even regulation by administrative means has to use objective economic laws. Therefore, in an article which I wrote recently, I have put using economic means to realize state plans within the range of planned management and have narrowed the meaning of regulation by market mechanism. Only production and circulation which are not brought into the orbits of state plans are regarded as regulation by market mechanism. I think this way of understanding conforms better with reality.

Some comrades do not agree with this change and hold that market mechanism has its broader and narrower sense. Market mechanism in its broader sense may include regulation by planning which is realized by means of economic levers. Many foreign economists also use the term regulation by market mechanism in this meaning. Thus, our planned economy is the combination of regulation by planning and regulation by market mechanism. This formulation may still be used. This question is open to free discussion and I do not insist on my own view.

Before the readjustment of the national economy is completed, our planned economy still has to relatively more often use administrative means (instructional planning) and there is still considerable restriction in using economic means for regulation (mandatory planning). After the readjustment is completed, our planned management will gradually use less administrative means and more economic means. Of course, it is still necessary to use administrative means within a certain scope and instructional planning remains useful. In regard to regulation by market mechanism of small commodities which are not brought into the orbit of state plans, since the number of these small commodities is tens of thousands, it is impossible to bring them into the orbit of state plans and as they are indispensable in the people's daily life, this should not be reduced by should be expanded appropriately over a considerably long period of time. After expanding regulation by market mechanism, we must respectively strengthen market management. This does not need much explanation.

There is a more obvious change in the formulation of the socialist economy. Some articles in the past termed the socialist economy as a commodity economy under the guidance of state planning or a planned commodity economy. It now seems that this is not an accurate formulation. Our idea is to change it into a planned economy of commodity production and commodity exchange on the basis of the system of public ownership of the means of production. Commodity production and commodity exchange extensively exist in the socialist society. In this sense, we may also call it a commodity economy.

However, the most important feature of the socialist economy is not the commodity economy but the planned economy on the basis of the public ownership of the means of production. If we regard the commodity economy as the most important feature of the socialist economy, we cannot distinguish it from the capitalist economy. Of course, when we stress that planned economy is the more important feature of the socialist economy, we cannot deny the inevitable existence of commodity production and commodity exchange in the socialist society. Nor can we do away with regulation by market mechanism of tens of thousands of small commodities which cannot be managed by state plans. Much less do we mean that when we practice planned economy we can discard some laws which are applicable in the commodity economy, such as the law of value. The difference is that we consciously use the law of value to realize state plans. With the exception of small commodities which are not brought into the orbit of state plans, we do not allow the law of value to regulate spontaneously.

The commodity economy of the socialist society and the commodity economy of the capitalist society have many common aspects. Both have to follow the law of value in carrying out exchange. But they are different in nature. The commodity economy of the capitalist society is a capitalist commodity economy which is based on the private ownership of the means of production. The capitalists and capitalist groups compete with each other and therefore the law of value often plays its role of regulation spontaneously. The commodity economy of the socialist society is a socialist commodity economy which is based on the public ownership of the means of production. The state can practice planned management of the national economy and therefore we can conscientiously use the law of value to realize state plans. But this only means that we have the possibility of using the law of value consciously. In practice, we are still not good at using the law of value, that is to say, we are not good at using economic levers. Consequently, after extending the decisionmaking power of localities and enterprises, phenomena of confusion such as blind production and redundant construction have occurred. In view of the fact that price readjustment and reforms of the tax system cannot keep pace with the situation, we can only temporarily slow down the speed of structural reforms. At present, it is still necessary to strengthen leadership by planning and administrative management. This does not mean that we have changed the orientation of our structural reforms. We have only adjusted the steps in our reforms to suit the present situation.

Some friends may suspect that China has gone to extremes in the past in stressing the role of commodities and market and that it is going to take the beaten track. This is not so. We still have to develop commodity production and commodity exchange and therefore still must learn how to make better use of the market role. In this respect, we have not done too much in the past; in fact, we have done very little. We stress the necessity of using economic levers such as pricing, tax revenue and banks to guide enterprises to observe state plans. This is still necessary. Our shortcomings in the past 3 years are not that we have overstressed economic levers but that we have talked much but done little, which has caused a lot of difficulties in our reforms. If we are not good at using economic levers to ensure the fulfillment of state plans and the planned and proportionate development of the national economy, it will be impossible for us to expand the decisionmaking power of localities and enterprises and to further enliven the economy.

Reforms of the economic management system (including price readjustment) can be smoothly carried out only if the national economy is operating normally. As a result of our "leftist" errors which lasted for quite a long period of time and the decade of turmoil of the "Great Cultural Revolution," the proportion of our national economy was seriously upset. This has also caused many difficulties in our reforms of the economic management system. After 3 years' readjustment, in particular the further readjustment carried out last year, our national economy has embarked on a road of healthy development, the people's livelihood has been markedly improved, the financial income basically balances with the financial expenditure and prices are basically stable. In the first quarter of this year, the situation of economic development and finance was much better than expected. This has created favorable conditions for us to carry out further reforms of the economic system.



In short, China's policy of opening up to the world and enlivening the domestic economy will never be changed. Owing to the fact that, in the economic policy of the last 30 years, this has been a very great turn, we are bound to encounter a lot of new problems and difficulties in implementing this new principle. The specific measures we have adopted in implementing this new principle should also be studied in the course of practice and readjusted according to need. The formulation of our principle for reforming the economic system should also be changed gradually to make it more accurate and perfect and thus enable all people to be clear about the orientation of their advance.

The above-mentioned question is still under heated discussion at present. I have put forth my personal view for our friends' reference.

#### NEED FOR ATTENTION TO CONSUMPTION GROWTH CITED

HK091342 Beijing WEN ZHAI BAO in Chinese No 38, 22 Jun 82 p 1

[Article from JINGJIXUE DONGTAI [TRENDS IN ECONOMIC STUDIES] No 6: "We Must Pay Particular Attention to Consumption Growth"]

[Text] The economic circles in the capital hold that the major question in national income and distribution at present is prominently reflected in the fact that planning for national income and distribution has obviously weakened in the past few years. This is mainly manifested in: 1) The portion of national income which can be used by the state in a centralized manner (that is, financial income) has been decreasing. Consequently, the state's capacity in taking overall consideration and making all-round arrangements for economic construction and the people's livelihood is greatly reduced. Our country's financial income accounted for 37.2 percent of the national income in 1978, 31.9 percent in 1979, 29.6 percent in 1980 and 27.4 percent in 1981. 2) Consumption funds have repeatedly exceeded the planned amounts, resulting in overdistribution. This has given rise to an imbalance in national income, production and distribution. After the problem of excessive accumulation was relatively resolved in 1981, the problem of overspending became even more prominent. Overspending is mainly reflected in the rise of the people's livelihood exceeding the state's financial capacity and in the growth of consumption demands exceeding the actual supplies of consumable goods. Some comrades hold that the problem of overspending has accumulated over the past few years. The amount of consumption planned for improving the livelihood of the workers, staff members and peasants in the past 3 years has already been relatively excessive and this amount has been exceeded again and again. The growth rate of the average wage of staff members and workers has far exceeded the growth rate of production and the growth rate of labor productivity. In redistribution by means of prices and taxes, an additional portion of the national income has again been transferred to the peasants. Because of breakthroughs in the total amount of wages paid and bonuses awarded and the large increase in the peasants' income, the consumption funds have increased by more than 96 billion yuan in the past 3 years, which is 10 billion yuan more than the increase in the national income in the same period.

At present, we should pay particular attention to overspending as a result of bonuses, social welfare, subsidies, price increases, negotiated pricing and subsidies for agricultural and sideline products. We should protect rational vested interests and readjust irrational ones according to the "three considerations" principle.

#### USE OF 'ERRONEOUS' ECONOMIC TERMS NOTED

HK090821 Beijing WEN ZHAI BAO in Chinese No 37, 15 Jun 82 p 4

[Article from ZHONGGUO JINGJI WENTI [CHINESE ECONOMIC ISSUES] No 3: "Jiang Xuemo Holds That Expressions Such as 'State Intervention' Are Erroneous"]

[Text] In an article entitled "It Is Necessary To Correct Leftist Mistakes and Guard Against Rightist Ones," Jiang Xuemo said: expressions such as "state intervention in economy," "beneficial cycle" and "vicious cycle" are reflection of the laws of relations and movements of the capitalist economy and it is quite improper to use them to analyze the socialist economy.



In the capitalist economy, which is based on private ownership, an enterprise or a capitalist group is an independent kingdom. The world economic crisis which began in 1929 compelled the bourgeois countries to adopt various measures to influence the activities of private enterprises. This is regarded as an encroachment of external forces on capital and is called "state intervention." Intervention means meddling by external forces. In the socialist economy, a socialist state is not an external force. It possesses and manages on behalf of all the people of the country the means of production that belongs to all the people of the country. Therefore, it is obviously wrong to call management of the national economy by a socialist state "intervention."

The expressions "beneficial cycle" and "vicious cycle" have evolved from "commercial cycle," which was coined by bourgeois economists to replace the term economic crisis. They try to avoid using the term economic crisis in the same way as Ah Q avoided using the word "bald" and used the word "light" instead. If there are mistakes in the economic policies of a socialist state, its economic development will also suffer but this is not something inevitable and is not a result of the system itself. Nor will they be repeated periodically. Therefore, it is undoubtedly very improper for some comrades to say that we should also "avoid a vicious cycle and bring about a beneficial cycle" in analyzing our country's economy.

#### CPPCC REVEALS MIDDLE-AGED INTELLECTUALS' PLIGHT

OW132150 Beijing XINHUA Domestic Service in Chinese 0722 GMT 13 Jul 82

[Excerpts] Beijing, 13 Jul (XINHUA) -- In his report on an investigation of the conditions of middle-aged intellectuals at a 12 July work meeting of CPPCC National Committee Vice Chairmen, Sa Kongliao, standing committee member and deputy secretary general of the CPPCC National Committee, said: Since the 3d Plenary Session of the 11th CCP Central Committee, the policy with regard to intellectuals has been implemented step by step.

However, a serious problem at present is the poor working and living conditions of middle-aged intellectuals. If this situation remains unchanged, it's inevitable that our cause will be adversely affected.

To investigate and find out about the implementation of the policy toward intellectuals, the CPPCC National Committee sent an investigation team composed of Standing Committee members Sa Kongliao, Wu Liangping, Yang Fangzhi, Shen Qizhen and Qian Weichang, members Shan Shiyuan and Zheng Xiaoxie and deputy leader of the urban construction group Tong Zheng, to Shanghai, Zhejiang, Jiangsu and Shandong in mid-May of this year on a 1 and 1/2 month investigation tour.

Sa Kongliao said: After the investigation in the three provinces and one city, the general impression is that the policy toward intellectuals has been implemented step by step since the 3d Plenary Session of the 11th CCP Central Committee. Generally speaking, problems concerning old intellectuals have been solved relatively well, but the working and living conditions of middle-aged intellectuals remain poor. At present, however, four problems are more outstanding. First, wages are too low. The middle-aged intellectuals are roughly in their 40's or 50's, and their wages are between 60 and 70 yuan. Second, living conditions are poor. In Shanghai, Nanjing and Hangzhou, many middle-aged intellectuals in colleges, universities and scientific research units are living in cramped quarters. In more cases husband, wife and children share one table. Many men begin to prepare for class only after their wives and children have gone to bed. Some must go to their offices in the evenings to work overtime. All this is taking a toll on their health and performance. Third, they are generally in poor health. Fourth, they lack opportunities for furthering their studies and their professional level can barely improve.

Sa Kongliao said: At present there are 350,000 intellectuals working in Shanghai City, 230,000 or 70 percent of whom are middle aged. The proportion is approximately the same in other provinces and cities.

Sa Kongliao held: To further implement the policy toward intellectuals and, especially, to solve the middle-age intellectuals' difficulties, it is imperative to continue to overcome the "left" influence in dealing with intellectuals and suitably improve the middle-age intellectuals' working and living conditions. It is also necessary to suitably change the "unit ownership" of cadres and increase the exchange of competent personnel.

Wu Liangping, Yang Fangzhi and Qian Weichang, also members of the investigation team, made supplementary remarks at the meeting.

Vice Chairmen Liu Lantao, Lu Dingyi, Xu Deheng, Kang Keqing, Ji Fang, Zhou Jianren, Hu Ziang, Xiao Ke, Qian Changzhao and Dong Qiwu, who were present at the meeting, held that the intellectuals have played an important role in China's protracted revolution and construction causes and that large numbers of intellectuals are needed even more in the ongoing socialist modernization drive. Our intellectuals are not too numerous, but too few. They held that unless the existing difficulties regarding middle-age intellectuals are solved, they will adversely affect the progress of our cause at present and in the future. Some said middle-age intellectuals are our valuable wealth. The solution to middle-age intellectuals' problems is the most urgently needed investment in trained manpower, the capital construction of capital constructions. Although our country is still poor, we should strive to solve some problems for middle-age intellectuals step by step as far as conditions permit.

#### HENAN PARTY MEMBERS MAKE SELF-APPRAISAL

OWL40035 Beijing Domestic Service in Mandarin 0400 GMT 13 Jul 82

[Text] The party branch of the Liuzhuang production brigade, Qiliying commune, Xinxiang County, Henan Province, organized party members to restudy their applications for party membership. Recalling their determination and pledges at the time of their admission to the party and comparing these with their thinking, participation in productive labor, and so forth, the party members each wrote a self-appraisal and carried out criticism and self-criticism. Many party members took the initiative to ask for opinions from households they were associated with. Some party members held family meetings and subjected themselves to a joint ideological hearing.

After he became a deputy production team leader, (Liu Huagao), a new party member, for a time neglected to take the lead in participating in productive labor. After restudying his application for party membership, he felt deep shame and compunction. During the busy season of summer planting, harvesting and field management this year, he worked from early morning till late in the evening every day, eagerly did the hardest and dirtiest jobs and led commune members in fulfilling the production team's tasks 7 days ahead of time.

#### SCHOLARS DISCUSS DRAFT REVISED PRC CONSTITUTION

OWL40104 Beijing XINHUA Domestic Service in Chinese 0150 GMT 13 Jul 82

[Excerpts] Beijing, 13 Jul (XINHUA) -- At a discussion meeting on the draft of the revised constitution recently held in Beijing, some experts in political science and jurisprudence seriously studied the draft and actively made suggestions on further revision.

The participants pointed out: This draft of the revised constitution is better than the three constitutions adopted since the founding of the People's Republic. In contents, it upholds the four basic principles and correctly sums up both positive and negative experience gained in the more than three decades since the founding of the People's Republic. In its composition and the wording of its articles, the draft is perfect, well organized, accurate and standardized.

During their exchange of views on the revision, they emphatically discussed the question of how to safeguard the National People's Congress as the highest organ of state legislation and power.

They pointed out that in light of China's actual situation, it is necessary to increase the power of the Standing Committee of the National People's Congress. The draft of the revised constitution stipulates that when the National People's Congress is not in session, its Standing Committee has the power to enact ordinary laws, partially amend the basic laws enacted by the National People's Congress and decide on the appointment and removal of members of the State Council. At the same time, however, it is also necessary to protect the supreme powers of the National People's Congress, more explicitly define the functions and powers of the Standing Committee of the National People's Congress and prevent the supreme powers of the National People's Congress from being weakened or partially taken away. For instance, the constitution stipulates that any changes made by the Standing Committee of the National People's Congress to things approved by the National People's Congress must be submitted to the next session of the National People's Congress for examination and confirmation; otherwise, the changes shall not remain valid.

At the discussion meeting, which lasted 2 and 1/2 days, the members of the board of directors of the Chinese Society of Political Science in Beijing and the experts who attended the meeting on invitation also discussed other questions on the draft of the revised constitution and made suggestions. For instance, they discussed the question of whether deputies to the National People's Congress representing various professions should be elected in addition to those representing geographic regions; the question concerning the functions and powers of the Central Military Commission and its relations with the State Council; the question concerning concurrent jobs held by the members of the Standing Committee of the National People's Congress; the question on the functions and powers of national autonomous regions' organs; and the question concerning the relations between the State Council and provincial-level governments.

More than 50 persons attended the meeting. They included Qian Duansheng, honorary president of the Chinese Society of Political Science; Li Tiezheng, Shi Zhe, Wu Qiyu, Zheng Siyuan and Zeng Bingjun, advisors to the society; Zhand Youyu, president of the society; Du Renzhi and Li Zhengwen, vice president of the society; Du Ruyi, Yun Guang, Yu Haocheng, Wu Jialin, Qiu Guodong, Luo Jinglan and Yan Jiaqi, standing members of the board of directors of the society.

#### GEOLOGY, MINERALS CHIEFS HOLD NATIONAL MEETING

OW131150 Beijing XINHUA Domestic Service in Chinese 1455 GMT 12 Jul 82

[Excerpts] Beijing, 12 Jul (XINHUA) -- The national report meeting of geological and minerals bureau directors, which ended in Beijing today, pointed out that protection of mineral resources is an important task of geological and minerals departments.

The meeting was called by the Ministry of Geology and Minerals. Progress in readjusting geological work over the past 3 years was summed up at the meeting, and goals were set for further readjustment. The meeting discussed comprehensively readjusting the grass-roots units of geological and minerals departments and stressed that readjustment should be focused on increasing geological returns and economic and social benefits. The meeting pointed out that the former Ministry of Geology was only responsible for general survey and exploration of mineral resources. Not long ago, the State Council decided to change the name of the ministry to the Ministry of Geology and Minerals, which means that in addition to its original tasks the ministry will also supervise the rational exploitation, use and protection of all the country's mineral resources. This is of great significance toward strengthening the overall management of our country's mineral resources.

For the protection of mineral resources, the meeting proposed several measures: first, it is hoped that local party committees and governments will strengthen leadership over mining production and mineral resources protection work.



Second, it is necessary to vigorously strengthen propaganda and education on protecting mineral resources. Third, the state will soon promulgate the "mineral resources law." As supervisory and enforcement units, the geological and minerals departments should coordinate with other relevant units and judicial organs to actively enforce the law. Serious cases of destruction of mineral resources must be dealt with according to law. Fourth, the ministry of Geology and Minerals and the Provincial, municipal and autonomous regional geological and minerals bureaus should set up mineral exploitation administrative organs to exercise unified supervision and management of rational exploitation and utilization of mineral resources.

The meeting also exchanged information and initial experience in dealing blows at serious criminal activities in the economic field.

#### RENMIN RIBAO ON RURAL WATER CONSERVATION

HK131255 Beijing RENMIN RIBAO in Chinese 3 Jul 82 p 2

[Commentator's article: "Properly Manage and Use Existing Farmland Water Conservation Projects"]

[Text] Since the popularization of the production responsibility system in the rural areas, and especially in those localities which have implemented the system of assigning the land to each household in exchange for fixed levies and fixing output quotas on the basis of households, the use of water on farmland has in most cases been changed from taking the production team as the unit to taking the many thousands of households as units. Under these new conditions, the satisfactory management and use of existing water conservation projects and enabling irrigation to produce its best results is an important work item that will ensure the smooth carrying out of agricultural production.

Water conservation constitutes an important precondition for the development of agriculture. Since liberation, farmland water conservation in our country has developed greatly and the irrigated area has reached 700 million mu. These farmland water conservation installations have had an enormous effect on increasing agricultural production. Now that the responsibility system has been popularized in the rural areas, they have, more than ever, become production methods of direct concern to and actively used by the peasants. If we do not manage and use them well, not only will they not be able to produce their best results, but they will also create water conservation disputes, affecting production and dampening the enthusiasm of the peasants. At present, in some localities, management of existing water conservation projects has slackened. Some water conservation projects have been in a state of disrepair for a long time. Some are incapable of being built into complete sets. Some are left idle or even sabotaged. Some management systems have broken down entirely, with the result that water has not been collected in time, the efficiency of the water supply has been low and there have been many contradictions in the use of water. The vast numbers of peasants have made pressing demands on us to adopt positive measures to improve this situation.

Unified leadership and unified management constitute a most important problem in doing a good job of water conservation management. As for the water conservation installations in our country at present, apart from the shallow wells, water pits and small reservoirs constructed and used by the commune members themselves, most projects are beneficial to a team, a commune, one county or several counties. Water usage will also be concentrated in one agricultural season. We therefore need unified leadership and unified management, otherwise, not only will the benefits of water conservation installations be reduced, causing a waste of water resources, but it will also give rise to water conservation disputes, which will affect the stable development of agricultural production. It is only by unifying leadership and management that we can pay attention to water usage at both the upper and lower reaches of the river and water usage at neighboring villages, so as to ensure that the many thousands of households will benefit. Even within a production team, water conservation must be managed in a unified way. Only then will the water flow unimpeded and be put to optimal use.



Consequently, no matter what form of the agricultural production responsibility system we adopt, we should adhere to the publicly-owned nature of water conservation installations and preserve the integrity of irrigation installations. We must not share them out among ourselves or appropriate them at will, and even less sabotage them. Every reservoir, well and irrigation channel must have a unified management body and personnel and a full set of rules and regulations. We must conscientiously maintain the integrity of water conservation installations and speed up the benefits of water conservation.

With the implementation of a unified management system for water conservation, we must establish a corresponding management responsibility system and make it form an important part of the agricultural production responsibility system. This is an essential measure for enabling water conservation installations to achieve their best results. It is also the "breakthrough" for shifting the focal point of water conservation work to management. Cultivating crops and "eating from a big pot" will not do. Neither will it do to carry out water conservation and "drink from a big mug." We must set up a water conservation management responsibility system, implement specialist contracting methods, and lay down the duties, limits of powers and remuneration of water conservation management personnel, so that they have responsibilities, powers, rights, rewards and punishments. By so doing, we will be directing their enthusiasm toward the maintenance of project safety, the quest for irrigation results, the comprehensive utilization of water conservation resources and so forth. At the same time, we must, in respect of water-consuming units and agricultural households, fix times, water volume and water charges and fix the necessary repair tasks according to the size of the area benefited. In this way, we will be able to pool our efforts and thoroughly manage and use well our existing water conservation projects.

At present, there are many varieties of the farmland water conservation management responsibility system being implemented in the various localities. As for larger water conservation projects and irrigation areas spanning counties, communes and teams, we are implementing a system of management at different levels. Management bodies and post responsibility systems are established by the higher levels. As far as the water conservation installations for a commune or a team are concerned, we are implementing forms of the responsibility system such as comprehensive contracting, specialist contracting, contracting for individual projects, and assigning contracts in an overall way. Each of the various different forms of the management responsibility system has its own field to which it is suited. For instance, comprehensive contracting is mostly used in the case of small-scale reservoirs, and large pumping stations and certain project installations with quite a number of management items. Specialist contracting is mostly used in the case of small-scale water conservation projects that have no special management bodies. The form of the agricultural production responsibility system varies with the locality. So do the water conservation installations. The form of the water conservation management responsibility system is not confined to one type. We must encourage the adoption of measures to suit local conditions and the varying of forms and flexibility of application, so as to facilitate production. All localities must conscientiously investigate and study, proceed from reality and implement a water conservation management responsibility system that is favorable to the development of agricultural production in the locality. Furthermore, they must adopt the method of signing contracts, stabilize the responsibility system, ensure prompt repairs, dredging, water collection and water release, utilize water scientifically and economize on water consumption.

Strengthening the building of the grassroots water conservation ranks is an important link in the good management of water conservation. Our country's grassroots water conservation ranks are ill-suited to the demands of water conservation management work. According to statistics, in the country as a whole, over 50 percent of the communes do not have a water conservation station and quite a few water conservation installations are still in such a state that "management at the prefectural and county levels is fine, but the commune is cut off." There are, in the whole country, only 110,000 water conservation personnel in the communes. On average, that means less than two people per commune.

The scientific and technological level of many water conservation management personnel is not high and they are incompetent in their work. Quite a few people, because of poor work and living conditions, cannot keep their minds on their work. Consequently, we must quickly set up and perfect our commune water conservation stations, train sufficient water conservation personnel, grasp training work well, raise their professional level, improve their working conditions and show concern for their everyday difficulties. Once the grassroots water conservation ranks in the rural areas have been replenished and their quality raised, water conservation management will have been truly implemented and water conservation will be run better and better.

RENMIN RIBAO URGES EMULATING SINGER'S WORK STYLE

HK100832 Beijing RENMIN RIBAO in Chinese 7 Jul 82 p 5

[Commentator's article: "Remember in the First Place That 'I Am a Communist'"]

Soprano singer Comrade Yu Shuzhen has recently been conferred the title "model artist for spiritual beauty." Our literary and art workers, in particular those who are party members, must emulate her work style, moral character and spirit.

In his talk "On Two Tendencies Among the Literary and Art Workers of Our Party," Comrade Chen Yun pointed out: Literary and art workers of our party should in the first place consider themselves as ordinary party members. He also warned the literary and art workers not to seek personal privileges and not to be arrogant. In this aspect, Comrade Yu Shuzhen has set an example. The main thing that merits our emulation of her is that she always remembered in the first place that "I am a Communist Party member," setting strict demands on herself with the criteria of a party member. By thinking of herself as a literary and art worker of our party, she adheres to the orientation that literature and art must serve the people and society, insists on singing songs that are sound in words and tone as well as an inspiration to people, and frequently goes to factories, the rural areas and army units to sing for the masses of people. By thinking of herself as being brought up by the party and the people, she adopts a correct attitude toward her talents, does not adopt the airs of a singer and seeks no privileges. With a view toward promoting the socialist literary and art cause, she gives no thought to personal fame and gain, vigorously trains young singers and enthusiastically helps them to catch up with and even surpass her. Both in work and in life, Comrade Yu Shuzhen is characterized by the noble work style of a Communist Party member. This helps her attain a lofty realm of thought.

It is absolutely necessary for our literary and art workers, in particular those who are party members, to learn from the spirit of Comrade Yu Shuzhen. The literary and art workers who are party members should keep in mind what the party requires of a Communist Party member in work and life. They must always think whether what they are saying and doing is in accord with the party's interests. As an ordinary party member, they must incessantly raise their communist awareness, heighten party spirit, maintain an upright work style, abide by party discipline and accurately implement the party's line, principles and policies in an all-round way. They should not be exceptional because they are writers or artists. Furthermore, they should not think they are a cut above others, and should not seek personal privileges from the party just because they are well known because of their artistic attainments. The four basic principles are fundamental principles which the whole party from top to bottom must adhere to. As "spiritual engineers of mankind," the party member writers and artists should set a much better example and take the initiative in upholding and protecting the four basic principles, but should not run counter to or impair them.

Since the smashing of the "gang of four," under the guidance of the line of the party's third plenary session, most of the literary and art workers who stick to the orientation that literature and art must serve the people and society and are strict with themselves, have made their contributions to the party and the people. Many of them do as well as Comrade Yu Shuzhen does. Nevertheless, among literary and art workers who are party members, a few comrades fail to put themselves as party members in a correct relationship to literary and art workers.

Some individuals even forget that they are Communist Party members and forget their duties of abiding by party discipline and obeying party leadership. Some comrades swell with pride when they achieve some small success and consider themselves privileged persons. They are not willing to keep themselves within the bonds of party discipline. They not only turn a deaf ear to criticism on their shortcomings and mistakes, but also refuse to make self-criticism. Moreover, some comrades long for fame and gain. All these evil tendencies are not worthy of a Communist Party member. All party member literary workers should resolutely combat such an unhealthy ideology and work style. Comrades who have been contaminated with the filthy trends should face them squarely and break with them.

Of course, Comrade Yu Shuzhen is not the acme of perfection. She has her defects. But it is of utmost importance that her spirit is highly commendable, which we should learn from. What Yu Shuzhen does is not particular but "common." But how can she do these ordinary things and many of our comrades cannot? This is a question which we should think over. If all of us are able to absorb something spiritual from her excellent deeds, then it will encourage healthy trends and check unhealthy ones as well as stimulate the building of socialist spiritual civilization.

#### RENMIN RIBAO ON SHANGHAI PETROCHEMICAL PLANT

HK131019 Beijing RENMIN RIBAO in Chinese 5 Jul 82 p 2

[Article by Chen Jinhua [7115 6930 5478], deputy secretary of the Shanghai Municipal CCP Committee and Shanghai vice mayor: "Opening Up a New Way To Produce Good Investment Results -- Basic Experience of Shanghai Petrochemical General Plant in the Last 10 Years Since its Establishment" -- passages capitalized published in boldface]

[Text] By June this year, 10 whole years will have passed since the start of construction of the Shanghai petrochemical general plant in the summer of 1972. Today, a satellite city has developed around the modern petrochemical complex which has arisen on former wasteland. In the last 10 years, the state has invested a total of 2.18 billion yuan in the phase one project of this complex. And in the same period, the total profit and tax revenue which the whole complex has handed over to the state amounts to 2.89 billion yuan. In other words, the plant managed to make up the total investment within 4-odd years. [as published] While the total industrial output value has amounted to 7.07 billion yuan, the plant has produced 185,000 tons of orlon fiber, 149,000 tons of vinylon fiber, more than 62,000 tons of dacron fiber, more than 334,000 tons of high-pressure polyethylene, and 1,460,000 tons of various other chemical industrial products such as acetic acid and so on; of which the exported portion has derived foreign exchange revenue of more than \$50 million. Phase two of the project of this plant, started in July 1980, was larger in scale and also more advanced both in terms of equipment and technology than phase one. Mainly producing polyester, phase two has an annual output capacity of 200,000 tons. So, with the two phases completed, the plant can produce more than 300,000 tons of synthetic fiber every year. It is the largest chemical fiber production base in our country at present.

The leading comrades of the central authorities have instructed us to conscientiously sum up the experience obtained in the construction of the Shanghai petrochemical general plant. On the occasion of the 10th anniversary of this plant, the summation of its experience, both positive and negative, will be of great significance to opening up a new way to produce good investment results in the "four modernization" construction in accordance with our national conditions.

1. THE KEY LINK TO BUILDING A PLANT WELL IS TO HAVE A LEADING GROUP WHICH IS ENTHUSIASTIC IN THE SOCIALIST MODERNIZATION CAUSE, STICKS TO THE PARTY'S POLITICAL LINE, IS AMBITIOUS IN WORK, AND STABLE IN ORGANIZATION.

Generally speaking, old revolutionary cadres are playing leading roles in the leading body of the petrochemical plant. Loyal to our party's socialist cause, they are conscientiously carrying out the party's line, principles and policies.



They form a united and coordinated collective with a great fighting capacity, a relatively high sense of responsibility and a strong devotion to their work. The leading bodies of the general plant and its branch plants consist of members recruited from various departments, companies and plants throughout the city. Because the plant has emphasized the unity of leading bodies and opposed factionalism, the unity in most units including the construction preparation unit, the designing unit, the civil engineering and construction unit, the equipment installation unit, contractors and so on, is rather good. As different units can join together to deliberate necessary measures and support each other on their own initiative when facing problems, they have managed to keep in step in the construction work. Most people in these units were not specialized in petrochemical work before, but their devotion to work, their enthusiasm in mastering techniques and their practical and realistic attitude have counteracted their weakness in the specialization. Regarding the construction of a modern enterprise as their chance to practice, they have been actively engaged in negotiations, inspection of equipment, construction and installation, and trial operation of equipment. They have attended training courses as well as personally operated equipment; they have tried hard to become familiar with the equipment, to understand the technical requirements and to grasp the procedures of production. Now, this plant possesses 17 senior engineers, 845 engineers, 542 technicians and 9,813 technical workers, who have become the backbone personnel in the operation of the existing equipment and the construction of the phase two project.

The construction and management of modern enterprises require us to maintain the organizational stability and continuity of the enterprises' leading bodies, in particular the groups of major responsible people. While those who had arisen by rebelling were cleared away, the principal members of the leading body of the Shanghai petrochemical general plant, in particular those old cadres with rich experiences, have remained at their posts during the whole construction period -- they have experienced the stage of construction preparation, the completion of the basic construction and the official operation of the plant. With an ardent love for their cause, they "take the plant as their own home," setting themselves as examples for new men, cultivating middle-aged and young cadres and educating them to love their own jobs and to play more important roles.

2. THE PRINCIPLE OF SELF-RELIANCE MUST STILL BE UPHELD WHEN ADVANCED TECHNOLOGIES ARE IMPORTED; THE MORE MODERNIZED AN ENTERPRISE IS, THE MORE IT NEEDS TO UPHOLD THE SPIRIT OF BUILDING AN ENTERPRISE THROUGH ARDUOUS EFFORT.

The Shanghai petrochemical general plant possesses 18 large installations. Nine of them were imported from abroad, and the rest, including the orlon, vinylon and dacron spinning equipment, and the whole public utilities project, were built with domestically produced equipment and materials. In terms of their weight, domestically produced equipment accounts for more than half of the total equipment of the plant. At the same time, the general layout and the civil engineering design of the whole plant, except the technological design of the imported equipment, was completed by domestic units.

Based on the domestic resources and upholding the principle of self-reliance, we cannot only save a large amount of foreign exchange; but also, more significantly, enhance the domestic production capability, and thus step up the development and improvement of the machine building industry at home as well as save time in the construction of the whole project. The orlon spinning machine is a major productive part of the complete set of equipment. Thanks to the cooperation of all coordinated plants, all the 12 production lines of the orlon spinning machine were delivered in time for installation. There were various malfunctions at the initial stage of the trial operation of the equipment. However, through persistent efforts, production has been put on the right course, the designed capacity of the equipment has been attained and surpassed, and the product quality has been increasingly improved. With satisfaction our workers said: "The domestically produced equipment is operating more and more smoothly."



Since the 3d Plenary Session of the 11th CCP Central Committee, in the new situation where we are expanding cooperation with foreign countries and stepping up exchanges in the technological and economic fields, this plant is continuing to give further play to the spirit of self-reliance. The technological and technical requirements of the dacron reeling equipment needed by the phase two project are high. And the required capacity for each staple fiber reeling production line was 15,000 tons per year. This meant that the plant had to take two large steps forward from the original conditions then available at home; and in fact, the degree of difficulty was remarkable. Under the unified leadership of the Ministry of Textile Industry and the municipal economic committee, this plant, together with some scientific research, design, equipment manufacturing, and dacron fiber production units in Shanghai and other fraternal regions, formed a collaborating group to develop new equipment. After a year or so of intensive work, all targets in the original plan were fulfilled or even overfulfilled. Practice showed that in the new situation of the implementation of the open-door principle, the better we give play to the spirit of self-reliance, the more prominent results can be achieved in cooperation with foreign countries, and the more rapidly we can foster our own technical personnel and continuously improve the level.

3. UNDER THE STATE'S UNIFIED PLANNING, MAKE FULL USE OF THE EXISTING MATERIAL AND TECHNICAL CONDITIONS OF THE OLD BASES AND OLD ENTERPRISES AND THE ECONOMIC RELATIONSHIP BETWEEN THEM, AND TAKE THE INITIATIVE TO ACTIVELY PROMOTE VARIOUS FORMS OF MASS SOCIALIST COOPERATION.

The Shanghai petrochemical general plant is the product of mass socialist cooperation which manifests the superiority of our country's socialist system. There are mainly three forms of cooperation: 1) coordinated aid provided by relevant departments, committees, general bureaus and regions organized by the state, included in or excluded from the state plan, paid for or free. No matter which types of aid, all relevant departments and localities must regard the urgent needs of the state's key projects as their own needs, and do their best to fulfill them. In order to undertake the research tasks in dacron technology, the Dalian research institute of chemical fibers used its little and limited funds, which had originally been allocated to building dormitories, to develop the new technology. They have manifested a really lofty spirit of socialist cooperation. 2) Under unified planning, Shanghai Municipality has mobilized the existing departments and companies concerned to be engaged in the division of work and enter into various project contracts; these package deals included the recruitment of the staff of leading bodies, the deployment of backbone personnel, the training of a technical contingent, and logistics support. Such practices of contracting tasks in accordance with each one's specialities are favorable to mobilizing old bases and enterprises and giving free rein to their function. This is a form of cooperation with a higher degree of organization and better results. 3) Organize all non-contractor units in the city to engage in various cooperation projects on an individual project basis; integrate political mobilization with economic agreements and thus avoid bargaining. The above three forms of cooperation, complementing each other and helping each other forward, have created an organic relationship between the part and the whole, and between the region and the whole state; and have thus produced tremendous cooperative force.

4. INTERGRATE THE SHANGHAI PETROCHEMICAL GENERAL PLANT'S FAVORABLE MATERIAL CONDITIONS WITH THE SHANGHAI TEXTILE INDUSTRY'S FAVORABLE CONDITIONS FOR PROCESSING, REALIZE A COORDINATED PROCESS IN NEW PRODUCT DEVELOPMENT, AND STRIVE FOR THE OPTIMUM ECONOMIC RETURNS BY RATIONALLY UTILIZING RESOURCES AND BY ENHANCING THE TECHNICAL LEVEL OF PROCESSING.

Due to problems in equipment, technology, operation and management, the petrochemical general plant failed to bring production onto the right course at the beginning of the trial operation of the phase one project.

The quality of orlon and vinylon fiber produced in the trial operation was inferior, and the rates of seconds and rejects were high, and thus overstocking was considerable. In order to assist the petrochemical general plant in improving the reeling technology, the Shanghai No 17 state-run cotton textile mill, the Shanghai knitting factory and other units have been actively engaged in trial spinning and weaving, trying to find out the texture of fiber and its adaptability to spinning. Having worked hard for more than a year, they finally managed to put production onto the right course, and their products which had been unmarketable are now marketable. On this basis, they further cooperated with the Shanghai textile industry departments, developed new product series and improved production procedures ranging from synthetic fiber spinning to weaving designs, post-dyeing work and so on. The leading comrades of the central authorities have attached great importance to their scheme and strongly support them to open up new avenues.

The Shanghai petrochemical general plant is the largest integrated complex of multiple petrochemical fiber products in our country at present. This plant possesses superiority in advanced technology. As the largest textile industry base in our country, Shanghai has more than 400 natural fiber and chemical fiber processing plants, and has a relatively large technical contingent and favorable conditions for promoting cooperation. With the forces of these two groups joining together, Shanghai will be able to further rationalize the use of fiber resources and improve the technical level of processing. The result of this process will not be just a simple addition. It will surely create new and more conspicuous superiority, and thus give rise to the best economic returns.

5. THE CONSTRUCTION OF SATELLITE CITIES REQUIRES OVERALL PLANNING AND RATIONAL LAYOUT, SO THAT THEY CAN POSSESS THE COMPREHENSIVE FUNCTIONS OF SMALL TOWNS -- FAVORABLE CONDITIONS FOR PRODUCTION AS WELL AS CONVENIENCE IN DAILY LIVES.

The petrochemical plant is situated in Jinshanwei on the shore of Hangzhou Bay, 72 kilometers from Shanghai. The area ranging from here to Zhapu in Zhejiang Province was chosen by Dr Sun Yat-sen as the location for the "large part of the east" in his magnificent plan. The plant authorities have paid attention to making overall planning and a rational layout according to the requirement of a satellite city since the beginning of construction. In this satellite city there are dormitories, hospitals, sanatoriums, cinemas, small parks, cultural palace, stadia, a branch campus of a university, secondary schools, technical schools, primary schools, kindergartens, and various commercial and service facilities such as guest houses, restaurants, marketplaces and so on. Flowers and trees are grown everywhere in the plant, and there is a 300-meter wide green zone between the production section and the living quarters. The communications between the plant and downtown Shanghai, Zhejiang Province, Jiangsu Province and other major coastal ports throughout the country are maintained by railways, highways, the Huangpu Jiang Bridge, the Chenshan sea transportation pier, and other inland water transport piers. All these facilities effectively meet the laboring, studying, resting and entertainment needs of nearly 65,000 staff and workers and their families living in the city. In addition, as the rent and the cost of gas, water and so on are cheaper here than in central Shanghai, the living conditions of the satellite city are becoming more and more attractive. The construction of this plant has really provided valuable experience in the construction planning and management of satellite cities with comprehensive functions.

The several aspects mentioned above are common problems to be dealt with in capital construction projects. The Shanghai petrochemical plant did not handle all aspects very well and is still far from perfect. There are many shortcomings in ideological work, organizational construction and enterprise management. And the plant is still rather inferior to the advanced enterprises of the same type in the world in terms of technical and economic standards. Therefore, the Shanghai petrochemical general plant still has to conscientiously improve itself, open-mindedly listen to the opinions of various circles, learn from fraternal units and continue to make new and greater efforts.

DENG YINGCHAO MEETS RETURNED OVERSEAS CHINESE

OW131258 Beijing XINHUA in English 1248 GMT 13 Jul 82

[Text] Beijing, July 13 (XINHUA) -- Deng Yingchao, vice-chairman of the National People's Congress Standing Committee, met here today with Professor Fan Shoukang, who returned to settle down on the mainland from Taiwan via the United States last April.

Professor Fan, 86, was deputy director of the Third Department of the Political Ministry of the Kuomintang Military Committee during the war of resistance against Japan. He also worked as chief of the education department of the first Taiwan special provincial government and taught philosophy at Taiwan University.

In a cordial talk, Deng Yingchao said that she is very glad that Professor Fan has come back to the mainland. She asked him to give advice on the national construction.

Professor Fan said he will do his utmost to the reunification of the motherland.

Vice-Chairman Deng also inquired about the life of Professor Fan's family members. Some of them were present at today's meeting.

Yang Jingren, head of the United Front Work Department of the Chinese Communist Party Central Committee, was also present.

Later, Vice-Chairman Deng gave a luncheon for Professor Fan and his family.

BRIEFS

TAX REVENUES UP -- Beijing, July 12 (XINHUA) -- China collected industrial and commercial taxes amounting to 29,000 million yuan (renminbi) in the first six months of this year. This was 3,600 million yuan or 14 percent more than last year's like period, according to the Ministry of Finance. The taxes collected account for 50.7 percent of the 1982 target. Financial authorities said the increase was due to faster growth of industrial production in the first half of the year. Tax collecting departments strengthened management. [Text] [Beijing XINHUA in English 1235 GMT 12 Jul 82 OW]

GUANGDONG GROUP ON HIGHER EDUCATION PROBLEMS

HK300412 Guangzhou YANGCHENG WANBAO in Chinese 28 Jun 82 p 1

[Report: "People's Deputies Put Forward Positive Proposals for Rapidly Improving the Backward State of Guangdong's Higher Education"]

[Text] A provincial people's deputies' inspection group on higher education, headed by provincial people's congress standing committee Vice Chairman Ou Mengjue, inspected 10 institutes including Zhongshan University in mid-June and listened to the views of a broad spectrum of the masses. The group has put forward positive proposals to the provincial CCP committee and people's government in order to rapidly improve the backward state of the province's higher education.

True Importance Must Be Attached

The inspection group held that the key to improving the backward state of higher education in Guangdong lies in the leadership. The current backwardness of higher education in the province is linked to the lack of importance given it by the party and government leadership at all levels. We hope that in the future the party and government departments at all levels will truly attach importance to "investment in brains." While promoting the building of "the two civilizations," they must make all-round arrangements with due consideration for all parties and put the running of higher education on their agenda. We propose that the provincial CCP committee hear periodic reports every year on the situation in higher education and provide still more support for this education. We hope that the first secretaries of the party committees at all levels will personally grasp education work. Relative stability should be maintained as regards the secretaries assigned responsibility for culture and education. The leading comrades assigned responsibility for planning, financial and economic work should put education in an important place on their agenda.

Expenditures Should Be Appropriately Increased

Guangdong has lagged far behind requirements in its education expenditures over the years, and this has seriously affected the development of teaching and scientific research. The inspection group held that expenditures and capital construction investment in higher education should be gradually increased each year. At present the state is in difficulties and cannot repay at once all the debts of the past, but at least "no new debts should be incurred and the old ones should be gradually repaid." This year the province has allocated too little expenditure and capital construction investment for higher education, and the old debts have not been repaid while new ones are being incurred. The inspection group therefore proposed that the provincial financial departments increase expenditures on higher education by at least 20 million yuan.

Worries in Daily Life Must Be Eased

The province has been mainly successful in implementing the policies on intellectuals since the third plenary session. The current outstanding problems are that there are too many worries for the teachers in their daily life; in particular, middle-aged teachers suffer "heavy burdens, low remuneration, fatigue in household tasks, and hardship in life." The inspection group held that apart from the problem of low salaries, which the province cannot solve itself, the departments concerned must do everything possible to solve these problems as far as possible. They should improve the teachers' housing conditions and the supply of water, electricity and nonstaple foodstuffs in the university areas and distribute gas stoves to the teachers. Special funds should be allocated from local finances to solve the problems of middle-aged teachers in expenses for books and materials and in providing the necessary subsidies.

Occupation of School Buildings, and Other Matters

The problem of occupation of university premises for other purposes is rather serious. Eight of the 10 institutes of higher education inspected by the group had unsolved problems of boundary disputes or occupation of premises for other purposes.



These problems seriously affect teaching and scientific research. The inspection group drew the attention of the departments in charge to urge the units concerned to rapidly return occupied school premises and land. The group hopes that the provincial people's congress standing committee will convene a consultative meeting to these problems, to be attended by provincial and municipal leaders concerned and urban planning department, in order to find a solution.

Shipai and Wushan in Guangzhou are cultural areas. However, their present status is that of a neighborhood subordinate to a suburban commune. Nonstaple foodstuff supplies, cultural life, primary and secondary education facilities and school systems and so on do not accord with the characteristics of cultural areas. As there is often a shortage of fixed-price nonstaple foodstuffs, many old teachers have to buy items at high prices in the rural trade markets. The cost of living for a typical family of equal size and living standards is about 10 yuan higher in the Shipai and Wushan areas than in the urban districts. The inspection group proposed that Wushan district be changed into a township [zhen 6966] and that it receive the same level of supplies as the urban districts; that special supplies be made available for the Hong Kong, Macao and Overseas Chinese students attending Jinan University; that a cinema be built; that postal services be improved and telegram facilities restored; that extra bus stops be provided; and that the primary school system be changed from 5 to 6 years.

#### GUANGDONG URGES STRENGTHENED CONTROL OF LABOR

HK130327 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 12 Jul 82

[Text] The Guangdong Provincial People's Government recently issued a circular demanding that enterprises and undertakings throughout the province seriously strengthen management of the labor force, straighten out the situation of worker employment that is not covered by the plan, and send those involved back to their original units. This is in order to improve production efficiency and economic returns in the province's enterprises and ensure good results in economic readjustment and restructuring.

At present a fairly large number of people are being employed outside the plans in the province, and there are more workers than needed. This reduces the enterprises' production efficiency and economic returns. The flow of large numbers of rural laborers into the towns also has a bad effect on agricultural production.

The provincial government circular pointed out: The leaders at all levels must regard sending back to their original units temporary workers from the rural areas as a major affair for correcting work style. The prefectures, municipalities and counties, and also the units subordinate to the central and provincial authorities and the PLA, must send back to their original units workers whose employment is not covered by the plan. This must be done in conjunction with straightening out the enterprises. The focus is on sending back those who have come from the rural areas. We must send back to the villages without exception all those people arbitrarily hired without the approval of labor departments at and above county level, especially newly recruited temporary workers from the rural areas since January 1981, together with worker-peasant personnel employed in state organs and prefectural and municipal enterprises and undertakings. It is also necessary to straighten out and send back worker-peasant personnel being employed in county enterprises and undertakings. Workers whose employment is not covered by the plan in closed or suspended units or overstaffed units that do not have enough to do must also in principle be sent back to their original units. Collective workers employed in units under all-people ownership should be sent down and organized into collective ownership units with independent accounting and sole responsibility for profit and loss. Rural construction and transport teams being used by urban industry and mining areas should also be straightened out and sent back to their original units.

The labor departments at all levels must regard this work as one of their main tasks for this year and next. The departments concerned should also actively coordinate and work together to do a good job in this work. Plans for sending these workers back to their original units must rapidly be worked out for the grassroots, a deadline must be set for completing them, and inspections must be carried out when the deadline comes. The province should strive to basically complete the task by the end of next year.

GUANGDONG PLA STRESSES ANTICORRUPTION EDUCATION

HK100311 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 9 Jul 82

[Text] The CCP Committee of Guangdong Military District recently convened a meeting of CCP committee secretaries of large units to seriously look into the issue of strengthening ideological education for the units in resisting corruption and guarding against degeneracy. The meeting seriously analyzed the current grave corruption of the cadre ranks and pollution of the social atmosphere caused by criminal and illegal activities in the economic field and decided to get a thoroughly good grasp of education in preserving communist purity and opposing corruption and degeneracy. The meeting discussed and studied the following specific measures and views on strengthening education in opposing corruption and degeneracy:

1. Seriously organize the cadres and fighters to study the teachings of Lenin and Comrade Mao Zedong on opposing the corruption and degeneracy of party members, enhance the ideological level and political awareness of the party members, and continually improve their ideological immunity to corruption and degeneracy.
2. Make use of various means to conduct political education for the cadres and fighters in upholding the socialist road, loving the socialist motherland, and persistently regarding the interests and honor of the motherland as paramount, and in the party and government policies and decrees, so as to fundamentally enhance their socialist ideological awareness and concept of policy and discipline.
3. While striking at elements who commit serious economic crimes, it is necessary to do well in discovering and commending progressive typical examples who serve the people wholeheartedly, display the work style of arduous struggle and are honest in official dealings and in resisting corruption and degeneracy.
4. Carry out rectification of ideological style in the CCP committees and organs at and above regimental level and overcome various unhealthy trends so that the party committees will be made stronger and can bring into play their role as leadership cores and the party members' role as models and vanguards, and promote the fulfillment of all work tasks in the PLA and militia.

GUANGZHOU SCOTCHES RUMOR ABOUT BANK DEPOSITS

HK140457 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 13 Jul 82

[Text] In the struggle against serious criminal activities in the economic field, there have been some rumors recently to the effect that the banks and credit cooperatives will impose restrictions on withdrawing deposits. The rumors hold that deposits above a certain limit will be frozen and that the withdrawal above a certain limit must be approved beforehand. A responsible person of the provincial people's bank said that savings deposits are an important source of funds for our socialist construction. The increase of savings deposits will not only raise more funds for our country in its four modernizations drive, but will also help foster a social atmosphere characterized by thrift and hard work and help the masses manage their households in an industrious and economic way and improve their livelihood. Therefore, the party and the people's government have always carried out a policy of protecting and encouraging the people's savings deposits in this respect and the people's bank has always adhered to the principle of voluntary deposits, free withdrawal, payment of interest and maintaining secrecy. No encroachment on personal savings deposits by any unit or any individual is allowed. Savings offices of the people's bank at various places have resolutely implemented the principle of maintaining secrecy for the depositors. The recent rumors to the effect that the withdrawal of personal deposits will be limited to a certain amount and should be approved beforehand are entirely groundless and unbelievable.

GUANGDONG DISUCCES SUMMER GRAIN PROCUREMENT

HK051352 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 3 Jul 82

[Summary] The Guangdong provincial meeting on summer grain procurement closed on 2 July. The meeting analyzed the province's early crop production and made arrangements for procurement of summer grain.

The meeting held: Apart from certain areas where natural disasters have occurred, the early crops are growing well in many places. The per unit area yield is expected to increase over that of last year. However, due to natural disasters, the actual sown area of early crops has been reduced by some 1 million mu over that of last year and therefore early crop production is only expected to achieve last year's level. The provincial people's government has decided that this year's summer grain procurement tasks will be similar to last year's tasks, and that grain departments at all levels throughout the province must strive to fulfill their tasks.

"Wang Quanguo, secretary of the provincial CCP committee, spoke at the meeting. He stressed that party committees and governments at all levels must strengthen leadership and actively take effective measures to ensure the completion of the summer grain procurement tasks. Under the premise of fulfilling the plan's grain procurement and sales tasks, grain departments must procure and sell grain at negotiated prices. It is necessary to strengthen market management and strike blows at speculative activities of selling grain or grain coupons at high prices." Comrade Wang Quanguo added that in the course of fulfilling grain procurement quotas, it is necessary to carry out education in handling the interests of the state, the collective and the individual among the grassroots cadres in the rural areas. It is necessary to carry out education in patriotism among the broad masses of peasants, and encourage them to sell more grain to the state in order to contribute to the four modernizations drive.

#### GUANGXI MUNICIPALITY HOLDS SOCIAL ORDER RALLY

HK281000 Nanning Guangxi Regional Service in Mandarin 1130 GMT 26 Jun 82

[Summary] This morning the Nanning Municipal CCP Committee and the municipal people's government held a mobilization rally in the Workers' Theater of the Workers' Cultural Palace on tidying up social order. The rally called on all people throughout the municipality to go into action and to resolutely struggle against all criminal activities.

Regional people's government Vice Chairman Shi Qingsheng, Nanning Municipal CCP Committee Secretary (Wang Enhou) and other responsible comrades attended the rally. Nanning Municipal CCP Committee Deputy Secretary (Liu Xiang) made the mobilization report. In his report, he pointed out that on the whole, Nanning's social order situation has gradually become stable. Since the beginning of this year, the municipality has made new progress in tidying up social order. He said: "However, some problems still exist in current social order. With a view to achieving a fundamental improvement of social order, in accordance with the instruction of the regional CCP committee and in conjunction with the reality of Nanning Municipality, in tidying up social order we must link the method of bringing about a temporary solution of a problem with the method of getting at the root of a problem and work hard to get at the root of a problem. We must endeavor to solve well several fundamental problems as follows:

"First, it is necessary to readjust the work and tasks of urban districts and strengthen the building of grassroots political power.

"Second, it is essential to establish youth and juvenile education and administrative organs and mobilize the forces of the whole party and the whole society to do well in grasping youth and juvenile education, administration and the resettlement of youths awaiting employment and reduction of the number of delinquents.

"Third, we must vigorously strengthen the fundamental work of security grassroots levels and enhance our ability to prevent, discover and control crimes.

"Fourth, it is imperative to implement the security responsibility system in an all-round way so as to establish a situation in which every level, every unit and every person has a duty to uphold social order and to do well in preventing crimes and reducing the number of offenses.

"Fifth, we must strengthen the building of the political and legal forces, especially the public security forces."



(Liu Xiang) said that we must tidy up social order under the unified leadership of organizations of the party and the government at all levels. We must strike blows at six heinous crimes which seriously jeopardize social order and at the serious criminal activities in the economic field. In conclusion, he said that organizations at all levels of the party must strengthen leadership over tidying up social order. Shi Qingsheng also spoke at the rally.

#### HAINAN LEADER OUTLINES SITUATION, TASKS

HK260332 Haikou Hainan Island Service in Mandarin 0330 GMT 25 Jun 82

[Summary] Hainan Regional CCP Committee Deputy Secretary Liang Cheng said in a speech at a recent work conference in Hainan: Work on all fronts in the region has made great progress since the 3d plenary session of the 11th Central Committee. This particularly applies to the rural economy, where production has developed, living standards have improved, and the people are at ease. Last year total value of the region's agricultural production was 1.372 billion yuan, an increase of 16.57 percent over 1980. Total grain output was 2.433 billion jin, an increase of 5 percent. The cultivated area of tropical crops reached 4.31 million mu, an increase of 280,000 mu compared with 1980. Average collective distribution per peasant rose by 24.8 percent over 1980. When the income from domestic sideline occupations is included, average peasant income was about 200 yuan.

During the past 3 years, the party organizations in Hainan have also stepped up their own building and achieved great success. This is mainly shown in the following: "1) We have cleared away leftist influence and enhanced spontaneity to carry out the line, principles and policies of the third plenary session. 2) We have revived the party's normal party life and put it on a sound basis and done relatively well in implementing the principle of democratic centralism. 3) We have done quite well in correcting laxness and weakness in the party organizations and upheld and preserved the four basic principles. 4) The party's grassroots organizations are on a sounder basis; they are united, hard-working and combat-effective. 5) We have braced our revolutionary spirit and improved leadership style and work methods. 6) A clearer division of work has been drawn between party and government, and there has been a change in the situation of the party committees monopolizing everything. 7) A number of progressive party branches and outstanding party members have emerged, and the party's image among the masses has improved."

Comrade Liang Cheng said: "We must fully recognize the status and role of the party's grassroots organizations and build and enhance them to a new level." The organizations must firmly and correctly implement the party's line, principles and policies, have an overall viewpoint and correctly handle the relations between the interests of the state, the collective and the individual, do well in carrying out ideological and political work, uphold party spirit, discipline and law and wage resolute struggle against all sinister trends. The party branch members must implement the principle of democratic centralism, strictly implement the party's organizational life, keep in close touch with the masses and care for them. All party members must make every effort to correct the party work style.

#### BRIEFS

HUBEI SUMMER GRAIN PRODUCTION -- Hubei Province has reaped a bumper summer grain harvest this year. It is estimated that the province's total output of summer grain will be 7.3 billion jin, some 10 percent more than last year. Except Enshi Prefecture, the other prefectures throughout the province have substantially increased summer grain production. The average per mu yield of the 4.8 million mu of wheat in Xiangyang Prefecture has exceeded 300 jin, a record. The per mu yield of the 2.3 million mu of broad beans and peas in Jingzhou Prefecture this year has reached some 200 jin. Despite unfavorable weather conditions in winter sowing, as all places strengthened field management, 99.5 percent of summer grain fields in the province were areas with guaranteed good harvest irrespective of drought and floods. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 14 Jun 82 HK]



SICHUAN RIBAO ON IMPROVING RESPONSIBILITY SYSTEMS

HK080215 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 8 Jul 82

[Report on 8 July SICHUAN RIBAO commentator's article: "Further Sum Up, Perfect and Stabilize the Agricultural Production Responsibility Systems"]

[Excerpts] The article says: It is essential to solve problems of ideological understanding in continuing to perfect and stabilize the production responsibility systems. We must further publicize and implement the spirit of the central instructions on summing up, perfecting and stabilizing the agricultural production responsibility systems, so as to unify the thinking of the cadres and masses. We must eliminate leftist influence, guide people to get a clear idea of the main current of development, and enthusiastically help them to solve new problems that appear on the road ahead. We must not be bystanders, engage in discussions and fault-finding, pay no heed to what is going on, or even think of going back to the old ways. We must do a good job in propaganda and education work in light of the masses' fears of change.

The article says: In continuing to perfect and stabilize the production responsibility systems, it is essential to handle properly the relationship between centralized control and decentralization. These two aspects represent the key to bringing into play the superiority of the collective economy and mobilizing the enthusiasm of the individual peasants. Whatever form of responsibility system is adopted, there must be both centralized control and decentralization. At present we must pay attention to solving the problem of excessive decentralization that has appeared in some places following the institution of the system of assigning the land to the households in exchange for fixed levies. In the future, we must correspondingly increase the scope of unified management in light of the needs of the development of production. We must gradually lead the form of dividing management among the households, with self-responsibility for profit and loss, onto the track of specialized division of responsibility, and organize new joint undertakings.

The article says: A very important aspect in continuing to perfect and stabilize the production responsibility systems is to take stock of and straighten out the commune and brigade finances. The focus in this work is on the fixed assets of the production teams, such as grain and materials, public accumulation, and credits and debts. It is necessary to take stock of, register and list each item of existing collective property, and put management responsibility systems on a sound basis.

In continuing to perfect and stabilize the production responsibility systems, it is essential to do a good job in organizing responsibility systems in diversification. The collective should manage in a unified way those items suitable for such management, and institute specialized contracting. Items suitable for domestic management should be treated as peasant domestic sideline occupations, and the peasants should be given plenty of support in developing them.

Some production teams that have instituted the system of assigning the land to the households in exchange for fixed levies have created a "small but complete" system based on the household, and production of industrial crops and of items produced in small quantities is spread among the households according to the number of people in them. As a result, the distribution is very small. This is very bad for developing production. In the future, such production should be handled by developing the system of specialized and key households.

The article says: In continuing to perfect and stabilize the production responsibility systems, it is essential to perfect the rural economic contract system and promote distribution work.

SICHUAN RIBAO URGES UPROOTING RURAL POVERTY

HK030415 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 3 Jul 82

[Report on 3 July SICHUAN RIBAO contributing commentator's article: "Get a Firm Foothold, Uproot Poverty and Plant Affluence"]

[Excerpts] Not long ago leading comrades of the provincial CCP committee carried out investigations and studies in rural areas of north Sichuan. They visited a number of typical communes and brigades that have gotten rich relatively fast, and exchanged views with comrades of the prefectural and country CCP committees and a number of grassroots units. They held that, to ensure that the rural areas of north Sichuan can transform themselves and become rich as soon as possible, it is essential, in terms of economic development, to guarantee steady growth in total grain output, so as to get a firm foothold; to solve the problems of destroying the forests for land reclamation, single-product economy and destruction of ecological balance, so as to uproot poverty; and to carry out rational exploitation and use of natural resources and vigorously promote diversification, so as to plant affluence. This way of eliminating poverty and promoting affluence is also applicable in other mountain areas of the province. It also has a certain guiding role for the rural areas throughout the province.

The article points out: The main characteristics of rural Sichuan are a large population and little land, extensive mountain and hilly regions, abundant resources, and location in the motherland's strategic rear area. The total arable area of the province is only 98 million mu, less than 1 mu per person. However, there are some 500 million mu -- 5 mu per person -- of mountain land, grassland, barren slopes, water and waterside land suitable for developing forestry, animal husbandry and fisheries and industrial crops. For a long time we have always concentrated our efforts on the nearly 100 million mu of arable land, single-mindedly pursued grain production, and neglected the exploitation and use of 500 million mu of nonarable land. As a result, the province's superiority in natural resources has not been brought into proper play, and rural diversification has not developed rapidly. In particular, a very large portion of Sichuan's superiority in natural resources lies in the mountain areas. Yet in the past these areas, too, single-mindedly pursued grain production and did not take advantage of their strong points to offset their weak ones. Output of many forestry, sideline and indigenous products has still not recovered to the highest historical levels.

Although the rural areas have basically solved the problem of adequate food and clothing in recent years the peasants have still not shaken off their state of poverty. The provincial CCP committee work conference proposed that we should get a firm foothold, uproot poverty and plant affluence. This is precisely aimed at correctly handling the relationship between grain production and the development of diversification, and at steadily readjusting the internal structure of agriculture, so that the rural areas can be economically transformed and get rich as quickly as possible.

The article says: Sichuan is a big province with 100 million people. Solving the food problem is our primary major task. We can by no means relax grain production, whether viewed in the light of the present conditions or from the angle of long-term development. We must ensure a steady annual rise in the province's total grain output. It is therefore essential to stabilize the provinces grain cultivation area; it must not be reduced any more. In particular, the grain-growing areas in the plains and valleys must continue to get a good grasp of grain production. They must not squeeze out grain with industrial crops.

The article says: Protecting and developing forestry is a fundamental strategy for dealing with flood and drought disasters and changing the poverty of the mountain and hilly areas. In the future, while continuing to build a complete water conservation system and tidying up the rivers, we must gradually shift our main efforts to planting trees and grass and promoting soil conservation on the upper reaches of rivers. By this means we can reduce the disasters in the lower reaches and also speed up construction in the mountain areas themselves.

The mountain areas must continue to implement the provincial CCP committee's production guiding principle on comprehensive development by concentrating on forestry, simultaneously promoting agriculture and animal husbandry, and carrying out diversification.

The article says: Since Sichuan does not have much arable land per person, transformation and affluence cannot result from simply growing grain. It is essential to grasp grain in one hand and cash in the other, act in light of local conditions, develop various production opportunities, vigorously promote diversification and industrial and sideline production, and follow the path of all-round development of agriculture, forestry, animal husbandry, sideline production and fisheries and comprehensive undertaking of agriculture, industry and commerce. The leaders at all levels must deepen their understanding and devote more leadership effort to this aspect.

#### XIZANG HOLDS RURAL, PASTORAL WORK CONFERENCE

##### Yin Fatang Speech

HK260252 Lhasa Xizang Regional Service in Mandarin 0000 GMT 26 Jun 82

[Excerpts] Xizang Regional CCP Committee First Secretary Yin Fatang gave an important report at the regional rural and pastoral area work conference on the morning of 24 June. He first spoke on the significance of convening this meeting. He said: This is a very important meeting. It must seriously analyze the situation in the region's rural and pastoral areas since implementing the important central instructions on work in Xizang. By summing up the work of the past 2 years, the meeting must get a clearer understanding of a number of characteristics in the region's agricultural and animal husbandry production and in work in the rural and pastoral areas. It must study and decide on work principles, policies and methods for the rural and pastoral areas and get a clear idea of the tasks there. This is also a mobilization gathering. We must mobilize to speed up the development of agricultural and animal husbandry production and the pace of progressing from poverty to affluence.

Comrade Yin Fatang's report was in three parts. In the first part, he spoke on clearly understanding and developing the excellent situation. He said: Since implementing the important central instructions on work in Xizang, we have carried out a series of tasks to bring order out of chaos in the rural and pastoral areas, scoring notable success. Agricultural and animal husbandry production has developed amid revival and readjustment. We have now basically completed the task of bringing order out of chaos in the party's guiding ideology for work in the rural and pastoral areas. These areas have taken a splendid first step in the struggle to progress from poverty to affluence, and laid an excellent foundation for continued advance. It can be said that the situation in the rural and pastoral areas in the past 2 years has been one of the best since the peaceful liberation of Xizang.

The practice of the past 2 years has also forcefully proven that the party's line, principles and policies for rural work laid down since the third plenary session and the important central instructions on work in Xizang are completely correct and truly promote the people's interests. We must be still more firm in implementing the central principles and policies and also continually study the new situations and problems and put forward effective ways for dealing them in close connection with reality. We should do all our work still better.

In the second part of his report, Comrade Yin Fatang spoke on the basic tasks and guiding ideology for future work in the rural and pastoral areas. He first analyzed the current situation in the region's agricultural and pastoral economy and expounded on the guiding ideology for the future. He then put forward the future basic tasks and targets for endeavor in the region's rural and pastoral areas. He said: The people of the region must unite, work hard together, strive to accomplish in 10 years Comrade Hu Yaobang's call for a small change in 3 years, a medium change in 5 years, and a major change in 10 years, become rich as soon as possible, and march forward in big strides toward building a united, affluent, and civilized new Xizang.



Centered on this general target, we must adopt the following specific measures: In 3 years of effort, we must revive and also develop production, basically solve the problem of adequate food and clothing, and initially change the region's poverty. In 5 years of effort, we should achieve steady development of production and completely change the region's poverty. In 10 years of effort, we should achieve a relatively great development of production and reach a level of initial affluence. Places that have already reached such a level must consider how to further forge ahead.

Comrade Yin Fatang also put forward specific demands for accomplishing the small change in 3 years. He said: The prefectures, counties, communes and production teams must set their own targets for endeavor in light of the demands on the whole region, and have a clear idea of the prospects and plans. They must also work hard to attain their targets.

In the third part of his report, Comrade Yin Fatang spoke on a number of important tasks to be tackled in a comprehensive way in the future. These are as follows: 1) Seriously sum up, perfect and stabilize the agricultural and animal husbandry production responsibility systems. 2) Gradually establish a rational production structure, and vigorously promote diversification. 3) Strengthen scientific and technical research and popularization in agriculture and animal husbandry. 4) Strive to improve the conditions for production. 5) Strengthen ideological and political work and rectify the grassroots organizations. 6) Strengthen leadership over agricultural and animal husbandry production and strive to achieve bumper harvests this year.

Comrade Yin Fatang said in conclusion: This is the last year for achieving a small change in 3 years. Work this year is of great significance for future developments. In order to lay a reliable foundation and create favorable conditions for the next stage -- a medium change in 5 years -- we must fully mobilize the enthusiasm of the cadres and masses, concentrate energy, work hard and make a success of all work this year. In particular, we must exert the greatest efforts to achieve bumper harvests in agricultural and animal husbandry this year.

#### Conclusion of Conference

HK030604 Lhasa Xizang Regional Service in Mandarin 0000 GMT 3 Jul 82

[Summary] The Xizang rural and pastoral areas work conference concluded in Lhasa on 2 July. Present at the closing session were Yin Fatang, Redi, Song Ziyuan, (Zhang Xiangming), Yang Zongxin, Zhang Zengwen, Duojicaidun, and other responsible comrades of the party and government in Xizang. Regional CCP committee Secretary Song Ziyuan presided.

Regional CCP committee Secretary Redi made a speech. After hailing the success of the meeting, he said: "The autonomous region has decided on its major guiding principles for work at the present and for a time to come. We also have the specific policies. The issue in the next stage is to vigorously implement them, and mobilize the whole party and the people of all nationalities in the region to seriously implement them. First, we must seriously study, publicize and implement the spirit of this meeting. We must organize the cadres and masses to study and publicize the minutes of the national rural work conference, Comrade Yin Fatang's report at the regional rural and pastoral areas work conference, and the other documents of the meeting."

He said: "On the basis of unifying understanding, the prefectures, municipalities and counties must carry out serious investigation and study and decide on the targets for endeavor and the measures and methods for achieving a small change in 3 years, a medium change in 5 years and a big change in 10 years in light of their local conditions and characteristics. They must also set different demands according to the different districts, communes and production teams."

Redi also called for vigorous support for agriculture and animal husbandry by all sectors and trades, and extensive popularization of science and technology. The region should strive for bumper harvests in agriculture and animal husbandry this year.



Redi emphasized: "Strengthening the unity of nationalities is the foundation of consolidating the unity of the motherland, the fundamental guarantee for carrying out socialist construction, and the requirement of continuing to develop the excellent situation in Xizang. The leading cadres at all levels must attach great importance to nationalities unity work, continually conduct for the cadres and masses reeducation in the communist view on nationality and the nationality policies, education in the notion that Han cadres cannot do without minority-nationality cadres and vice versa, and education in the historic ties between Xizang and the motherland, and seriously implement the party's nationality policies. The leading cadres at all levels must continually enhance spontaneity to promote unity and be models in this respect.

"The cadres and masses of all nationalities must learn from, respect, trust, support, and help each other in actual work, and oppose all words and deeds that do not benefit the unity of nationalities. We must carry forward the fine traditions of army-government and army-people unity, and teach the cadres and masses to promote this unity, so as to further develop the region's political situation of stability and unity, consolidate the unity of the motherland, and ensure the smooth progress of all construction undertakings in Xizang."

Regional CCP committee Secretary Yangling Duoqi made a speech on a number of issues in building socialist spiritual civilization.

#### XIZANG MEETING ON CADRE, WORKER RETIREMENT

HK280257 Lhasa Xizang Regional Service in Mandarin 0000 GMT 28 Jun 82

[Summary] A Xizang regional conference on cadre and worker retirement was held recently in Lhasa. At the summation session on 22 June, Li Benshan, vice chairman of the regional people's government, put forward four views on how to implement, in light of Xizang reality, the Central Committee and State Council documents and provisions on the retirement of old cadres and workers and do a good job in retirement work:

"1. Fully understand the importance of doing a good job in cadre and worker retirement work. This is an important measure in strengthening the building of the cadre and worker ranks. The great care of the party and government for old cadres and workers fully expresses the superiority of the socialist system. Doing a good job in retirement work will also play a very stimulating role in strengthening the unity of nationalities in Xizang.

"2. We must uphold the principle of putting ideology to the fore in retirement work and strengthen ideological work. Those retiring must correctly handle the relations between the state and the individual, between the whole and the partial, and between aspirations and possibilities, cooperate with the organization and happily subordinate themselves to the arrangements of the party and state.

"3. Resolutely carry out the various specific retirement regulations and act according to principle in everything. No unit or individual is allowed to exceed the bounds of the regulations.

"4. The party committees and government at all levels must strengthen leadership over retirement work. The political work, personnel and labor departments of the prefectures and municipalities and of the regional units, and the other departments concerned, must grasp this work as a current major affair and a political task. Areas and units where there is much retirement work to do must also set up special work organs and cultivate and train specialized cadres for the work. It is also necessary to conduct propaganda and education for the whole body of cadres and workers, so that all of them will understand the relevant principles and policies."

DUAN JUNYI SPEAKS AT BEIJING PARTY BRANCH FORUM

HK091402 Beijing City Service in Mandarin 2300 GMT 1 Jul 82

[Summary] Yesterday [1 July] afternoon the Beijing Municipal CCP Committee held a forum of the representatives of the advanced party branches and the outstanding party members to mark the 61st anniversary of the founding of the Chinese Communist Party. This forum was attended by 57 representatives of the advanced party branches and the outstanding party members on all fronts throughout the municipality. The forum was also attended by Duan Junyi, first secretary of the municipal CCP committee; Jiao Ruoyu, second secretary; Chen Xitong and Ye Lin, secretaries of the municipal CCP committee; and Ma Yaoji, vice chairman of the municipal people's congress standing committee.

With Jiao Ruoyu presiding, the comrades attending the forum conducted a discussion, stressing the issue of how to strengthen party building. Representatives of advanced party branches and outstanding party members spoke at the forum and introduced their experiences. They held: "To strengthen party building, it is necessary first to do well in ideological and organizational building in party branches. We must give play to the role of party branches as a combat fortress and unwaveringly implement the principles and policies of the party since the 3d Plenary Session of the 11th CCP Central Committee. Politically, we must be in line with the CCP Central Committee. We must also conduct ideological education for party members in a planned way in light of the situation so as to make every party member strengthen the concept of the party and the training in party spirit and to enable every party member to persistently struggle against bourgeois liberalization and anarchism in society and become a model in abiding by party discipline and the state law. We must inherit and carry forward the glorious traditions and work style of the party, spontaneously resist all unhealthy trends and never be divorced from the masses. We must be models in adhering to the communist ideology and opposing corruption by capitalist ideology. We must give play to the vanguard and exemplary role of Communist Party members and be models in implementing the four instructions of the Secretariat of the CCP Central Committee on the principle of the building of the capital and in doing well in building spiritual and material civilization in the capital."

After their speeches, Duan Junyi spoke, praising this forum. He demanded: "Relevant departments of the municipal CCP committee must seriously popularize the experiences of these advanced party branches, commend the outstanding party members and give further play to the vanguard and exemplary role of party members and to the role of party branches as a combat fortress."

BEIJING MEETING ON STRAIGHTENING OUT ENTERPRISES

HK100202 Beijing City Service in Mandarin 2300 GMT 2 Jul 82

[Summary] The third Beijing municipal meeting on straightening out enterprises, which concluded on 26 June, stressed: "To straighten out enterprises, we must adhere to the principle of setting high and strict demands on ourselves. The key problem is to successfully straighten out the leadership groups of enterprises."

To straighten out enterprises well, the meeting put forth views in 10 categories. Two hundred and fifty-eight enterprises in this municipality are in the first group of enterprises to be straightened out. According to the data supplied by this meeting, 40 percent of these enterprises have a relatively deep understanding of the significance of straightening out enterprises and their spontaneity has been high. After perfecting the economic responsibility system, the Capital Iron and Steel Company has stepped up rationalizing the organization of production and rationalizing management. Many enterprises, including the Beijing Municipal Plastics Industrial Company, Beijing No 2 Rubber Plant and Beijing Coking Plant, have seriously learned from the experiences of the Capital Iron and Steel Company and have constantly perfected the responsibility system. "However, work has not progressed at an even rate. Of the first group of 258 enterprises to be straightened out, some 40 percent of these enterprises have not deeply understood the significance of straightening out enterprises, definitely taken measures to raise economic returns and progressed greatly in their work. In addition, about 15 percent of these enterprises have not started work in straightening out."

In view of this situation, the meeting stressed: "On the one hand, we must quickly step up the work of straightening out. On the other hand, we must adhere to the principle of setting high and strict demands on ourselves. The key problem in straightening out enterprises is to first successfully straighten out their leadership groups. We must promote as quickly as possible young and energetic cadres who know technology and management and have both ability and political integrity so that people can be employed to the best of their ability. We must do a good job in the division of work between the party and the government and in the resettlement of old cadres." On the basis of exchanging experiences, the meeting made specific arrangements for straightening out enterprises in the second half of this year and put forth views in 10 categories as follows:

"First, it is necessary to constantly deepen understanding of the important significance of straightening out enterprises. Second, it is essential to firmly grasp the central work of enhancing economic returns. Third, it is imperative to work hard to learn from the Capital Iron and Steel Company and to perfect the economic responsibility system. Fourth, we must strengthen the fundamental work of enterprise management. Fifth, we must do even better in straightening out and building up the leadership groups of enterprises. Sixth, we must successfully straighten out the grassroots organizations of the party and do well in reforming the internal leadership system of enterprises. Seventh, in close conjunction with striking blows at the serious criminal activities in the economic field, we must carry out enterprise management. Eighth, we must seriously organize cadres and workers to learn culture and technology in order to train people of ability. Ninth, we must strengthen ideological and political work and rely on workers to spontaneously set up six-good enterprises. Tenth, we must further strengthen leadership over the work of straightening out enterprises."

#### BEIJING RIBAO ARTICLE VIEWS EMPLOYMENT SITUATION

HK100352 Beijing BEIJING RIBAO in Chinese 28 Jun 82 p 3

[Article by Lu Zhu [0712 4591]: "Why Does the Phenomenon of Awaiting Employment Exist in a Socialist Country?"]

[Text] Why does the phenomenon of awaiting employment still exist in a socialist country? In order to answer this question, we must begin by discussing what employment means. There are three essential factors in productive forces, namely, labor force, labor methods and labor objects. The combination of labor methods and objects is called means of labor. Employment means production and circulation of material products conducted with the integration of labor force and means of labor. It includes labor services.

In a socialist society, the public ownership of the means of production occupies a dominant position. The interests of the state and the vast majority of the masses coincide. In our country, there is no such phenomenon as maintaining a large unemployed force in order to bring pressure on the employed workers, which is popular in capitalist countries. Therefore, a socialist country is able to resolve the problem of employment which cannot be resolved by a capitalist country. Our country's practice in the 1950's fully proved this. However, this does not mean that there is no problem of employment in a socialist country at any given time. For instance, at present, the problem of employment is still very serious in our country. The reasons are as follows:

First, labor force resources in our country are very abundant, but the average means of labor per person is not large. For example, the average arable land area per person is only something over 1 mu. After the 1950's, the growth of population was out of control for quite some time. Babies born during that period are now successively becoming of employable labor age. It is estimated that from now until the end of the 1980's, the population becoming of an employable age each year will be over 20 million in our country. There is an imbalance between the production of labor force and the production of means of labor. The relative surplus of labor force is serious.



Second, our country was exhausted by the 10 years of chaos. At present, it is impossible for our country to provide sufficient money, sufficiently increase labor means and provide sufficient opportunities for employment. For example, investment in capital construction in the 1981 budget of our country was 37.58 billion yuan. Even if this capital construction investment sum is totally converted into fixed assets and calculated on the basis of an average 10,000 yuan worth of labor means for every staff or worker in the enterprises under public ownership in our country, only 3.8 million persons could be placed in jobs. However, the annual number of young people in cities and towns awaiting employment far exceeds this figure.

Third, social requirements are rather complicated. Ours is a large country. There exists in the economic management system many irrational elements which hamper people in correctly reflecting reality. Technical planning and statistical methods are also very backward. As a result, it is more difficult to correctly understand and master complicated social requirements. It is also unavoidable that the economic planning departments might make mistakes in deciding what kind of products to produce. For example, although factory buildings are completed, some factories still cannot go into operation, as there is no market for their products. Hence, it is impossible to employ a larger labor force according to plan. On the other hand, some products and trades must be developed quickly so as to employ a larger labor force. Nevertheless, it is impossible to provide more opportunities for employment due to improper planning and a lack of accelerated development.

Fourth, in some places there is a labor force as well as means of labor, and also markets for products. Nevertheless, due to impediments in ideology, technology and geography, it is impossible to integrate labor force with means of labor, and so employment opportunities cannot be created. This is especially prominent in large and medium-size cities. For example, on the one hand, many young people awaiting employment have nothing to do; on the other hand, enterprises in coal extracting, construction and environmental public health cannot fulfill their recruiting quotas. Some highly technical trades need people, but many young people are unable to take the jobs, as they are not skilled in technical work. There are opportunities for employment in remote regions, but young people in large cities are not willing to go there, and so on.

Since the 3d Plenary Session of the 11th CCP Central Committee, the party and the government have attached great importance to resolving the problem of employment of young people in cities and towns and have drawn up a series of guiding principles and policies in expanding the channels for more employment opportunities. Great achievements have been scored in this field. In the period from 1979 to 1981, there were more than 680,000 young people awaiting employment in our city, of whom more than 600,000 have now been placed in jobs. There are basically no young people awaiting employment in more than 10 medium-size cities in our country. Of course, it is a very difficult and complicated task, with people still awaiting employment throughout the country and city. In order to fulfill this historic task, we must make persistent and long-range efforts.

#### NEI MONGGOL ON STRENGTHENED ECONOMIC CRIME FIGHT

SK111052 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 10 Jul 82

[Excerpt] At a meeting of party-member responsible cadres of the regional level organs held on 9 July, Ting Mao, second secretary of the regional CCP committee, called on the party organs at all levels under the direct control of the region to strengthen leadership to further deepen the struggle against serious criminal activities in the economic sphere.



Comrade Ting Mao pointed out: The former stage of the region's struggle against economic criminal activities was slow in action, small in momentum and not prominent in grasping key points. The main reason is that some leading cadres have a poor understanding of the nature and the great significance of the current struggle. Some units of the regional organs in particular are listless in leadership and slow in action. The measures they have adopted to deal with major and important cases are inefficient. Some have even adopted an apathetic and indifferent attitude in this struggle and have taken no action at all.

He urged the leading cadres at all levels to be determined and to grasp the struggle against serious economic criminals as a major task because it affects the rise and fall of the party and the country. In dealing with problems of units, leaders must investigate and know the real situation, clarify the categorization of problems according to their seriousness and have a good idea of how things stand so as to enable them to solve the problems without fail. As to units and individuals who do not take any action, efforts must be made to investigate to determine their responsibility.

Comrade Ting Mao said: The key to deepening the current struggle is to grasp well the work of conducting investigations and punishing criminals involved in major and important cases. The first two top men of the party organs must assume personal responsibility in dealing with major and important cases, divide the work and assign specific persons to take charge of each case and give concrete instructions in handling the cases. Efforts must be made to assign competent cadres to form special groups to handle cases. Discipline inspection and judicial and public security departments must maintain close coordination in the struggle and put together all superior forces to make a breakthrough in handling cases within a short period of time.

#### NEI MONGGOL CIRCULAR ON 1982 WHEAT PROCUREMENT

SK091013 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 8 Jul 82

[Text] According to our sources, the regional people's government issued a circular on 6 July on 1982 wheat procurement. The circular notes: This year the region sowed over 13 million mu of wheat. Although the climate was abnormal during the growing period, in most places wheat has grown well thanks to adequate fertilizer and good field management.

To achieve success in this year's wheat procurement and distribution, the circular urges all localities to uphold the principle of giving equal consideration to the interests of the state, collectives and the people so as to attain the goal of rational procurement and proper distribution.

The circular notes: As for production teams which have surplus summer grain but inadequate autumn grain, their wheat should be marketed to the state at an added price in a half-and-half division. After the autumn, when the state returns the same amount of other varieties of grain to these production teams, the price for this returned grain should also be added in the same proportion.

The circular notes: The 1982 task for purchasing wheat is to ensure procurement of 470 million jin and strive to purchase over 500 million jin. As for the communes and brigades which already fixed the purchasing quotas in the spring, their wheat should be purchased and put into storage in line with contracts. As for those which did not fix the purchasing quotas, the purchasing task should be fulfilled by teams, groups and households.

#### BRIEFS

NEI MONGGOL COAL PRODUCTION -- Wuda Coal Mining Administrative Bureau, the largest enterprise for producing commodity coal in the Nei Monggol region, has scored good achievements in raising economic results and consolidating enterprises. As of the end of June, the bureau produced 2.02 million tons of raw coal, overfulfilling the semi-annual state target 4 days ahead of schedule, and netted 4 million yuan in profits. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 2 Jul 82 SK]

TAIWAN GENERAL PREDICTS 1985 COMMUNIST ATTACK

OW140447 Taipei CNA in English 0317 GMT 14 Jul 82

[Text] Taipei, Jul 14 (CNA) — A ranking officer of the Ministry of National Defense (MND) revealed Tuesday that the Chinese Communists, who have never ceased plotting to seize Taiwan by force, may launch attacks against the island sometime in 1985-1986.

The officer, Lt. Gen. Hsia Tien, reporting on the development of national defense during the second day of the 12th national development seminar, added that the prediction is based on a confidential Communist Chinese document which came into the hands of secret agents of the Republic of China. The document stated that 1985-1986 is the most suitable time for the Communists to take military action against Taiwan.

He pointed out that considering the ongoing efforts of the Chinese Communists to isolate Taiwan by demanding that the U.S. cut off arms sales to this island and abolish the Taiwan Relations Act which protects the arms sales, the projected timing for an attack on the island seems highly possible.

However, the officer said, the ROC has determined to make the Communists postpone the attack indefinitely by continuing to strengthen its national defense industry and upgrade defense weapons.

At the moment, the MND is working on research projects to develop and produce jet fighters, anti-submarine helicopters and submarines as well as anti-tank weapons.

For its long-range program, the MND is mapping out a ten-year arms development project to counteract the threat of Communist invasion of Taiwan.

TAIWAN OFFICIAL WARNS AGAINST 'SEDITIONARY GROUP'

OW090307 Taipei CNA in English 0247 GMT 9 Jul 82

["Seditious Group" — CNA headline]

[Text] Taipei, Jul 9 (CNA) — A ranking official of the Executive Yuan Thursday urged people at home and abroad to heighten their vigilance against being used by the "World United Formosans for Independence," an organization now dominated by some "Taiwan independence" elements. The official pointed out that the rebellious organization, calling for the overthrow of the existing government by illegal means and responsible for many subversive activities in this country and abroad, was branded by the State of California in June, 1981, as a terrorist group.

In answering an interpellation from six members of the Legislative Yuan recently, the Cabinet said public officials of the Republic of China are not allowed to attend the annual meeting of the "World Federation of Formosan Clubs" because that organization has come under the control of some members of the "World United Formosans for Independence." The official said the reply does not contradict with the statement made by Premier Sun Yunssuan on March 19 when the premier replied to an interpellation by Legislator Chung Jung-chi.

When Premier Sun made the reply to Legislator Chung, saying that the government does not regard all organizations of the natives of Taiwan abroad as "Taiwan independence" groups, he was, in fact, referring to the following groups as legal and well-established organizations: the Taiwan Benevolent Association, the Formosan Club, the Taiwanese Welfare Association and the Taiwanese Merchants Association.

The premier said that the great majority of overseas compatriots who are natives of Taiwan Province are patriotic and homeland-loving. The official noted that the premier did not mention the "World Federation of Formosan Clubs" in his reply. However, the official said, although the organization is being controlled by a handful of "Taiwan independence movement" elements, not all members of the "World Federation of Formosan Clubs" are "Taiwan independence" elements.

HSIN WAN PAO DENOUNCES U.S. PRO-TAIWAN LOBBY

HK140215 Hong Kong HSIN WAN PAO in Chinese 13 Jul 82 p 1

["New Talk" column: "Not a Single New Idea in 30 Years"]

[Text] "Goldwater has not had a single new idea in his head in more than 30 years."  
This was the appraisal of the U.S. senator made by a U.S. diplomat in Hong Kong.

Living in the 1980's in the 20th century but with a mentality 30 years behind the times, his thinking has become ossified and he is still dreaming old dreams and actually does not know that the world has changed. There are still such living corpses at all times and in all countries, but the number is few.

An article commenting on Sino-U.S. relations, which appeared in RENMIN RIBAO yesterday, pointed out: As in the case after the fall of every dynasty, there are always old and young diehards who cling desperately to the ancestral tablets of the former dynasty and nurse fond illusions of restoration. Although MacArthur's "unsinkable aircraft carrier" and "Dulles' doctrine" of nonrecognition of China have been discarded by history, their ghosts still haunt some of the American people. What they long for night and day is still to play the role of backstage rulers of more than 30 years ago when they lorded it over China by supplying Chiang Kai-shek with money and arms to fight the civil war.

If you want to know what is on the minds of these old and young diehards, you can get the answer from history. XINHUA NEWS AGENCY yesterday also transmitted an article from GUOJI WENTI YANJIU quarterly. This article used a vast amount of foreign information and detailed footnotes to explain the history of Sino-U.S. relations in the period from 1948 to the mid-1950's. The article mentioned some of the already deceased American imperialist elements. How similar their words and actions were to those of Goldwater and his ilk today.

In the past, Truman and Dulles were not the only people in Washington who advocated the U.S. occupation of Taiwan to obstruct China's unification. In Hong Kong, there was a U.S. consul general by the name of Isaac Allen who openly admitted that his point of departure was "to make our government take possession of this big island (Taiwan)," later, U.S. diplomats in Hong Kong also had contacts with certain people in Taiwan and also participated in the rigging up of a non-Kuomintang anticommunist government in Taiwan, although without success.

At present, a tremendous change has taken place in the world situation and China and the United States have eventually established diplomatic relations, and U.S. diplomats are no longer openly advocating the annexation of Taiwan. Burton Levin, the present U.S. consul general in Hong Kong, in a talk last week said that the estrangement between the United States and China in the past had damaged the interests of both countries. He said that at present because of the arms sales to Taiwan, relations have been strained. However, President Reagan's recent letters to the PRC leadership and Vice President Bush's visit have created an environment to work out a mutually satisfactory solution to the problems. However, at about the time of Mr Levin's talk, a handful of diehards in America nevertheless raised a hue and cry. They not only wanted to undermine the "environment" and obstruct the working out of a mutually satisfactory solution to the problem, but they also wanted to basically reverse the U.S. policy toward China of the last 10 years and return to the past.

The American living corpses are at present fanning up an anti-China evil wind. They are taking advantage of the replacement of the former secretary of state by the new secretary of state and the coming off-year elections to exert pressure on President Reagan. These clamorous life-and-drum troublemakers are trying to play the "poltergeist" and forcing the living to submit to the dead. Let us see whether the Reagan administration can shake off these evil spirits.

**END OF**

**FICHE**

**DATE FILMED**

July 15, 1982

Debbie



